

83
REVIEW OF FISCAL YEAR 1994 BUDGET FOR USER FEES FOR
MARKETING ORDERS AND CHECKOFF PROGRAMS; AND THE
WATERMELON RESEARCH AND PROMOTION IMPROVEMENT
ACT OF 1993

Y 4. AG 8/1:103-16

Review of Fiscal Year 1994 Budget f...

HEARING
BEFORE THE
SUBCOMMITTEE ON SPECIALTY CROPS
AND NATURAL RESOURCES
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

H.R. 653

MAY 6, 1993

Serial No. 103-16



Printed for the use of the Committee on Agriculture

U.S. GOVERNMENT PRINTING OFFICE

70-511

WASHINGTON : 1993

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-041298-6

REVIEW OF FISCAL YEAR 1994 BUDGET FOR USER FEES FOR
MARKETING ORDERS AND CHECKOFF PROGRAMS; AND THE
WATERMELON RESEARCH AND PROMOTION IMPROVEMENT
ACT OF 1993

4. AG 8/1:103-16

Review of Fiscal Year 1994 Budget f...

HEARING
BEFORE THE
SUBCOMMITTEE ON SPECIALTY CROPS
AND NATURAL RESOURCES
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

H.R. 653

MAY 6, 1993

Serial No. 103-16



Printed for the use of the Committee on Agriculture

U.S. GOVERNMENT PRINTING OFFICE

70-511

WASHINGTON : 1993

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-041298-6

COMMITTEE ON AGRICULTURE

E (KIKI) DE LA GARZA, Texas, *Chairman*

GEORGE E. BROWN, JR., California,
Vice Chairman

CHARLIE ROSE, North Carolina
GLENN ENGLISH, Oklahoma
DAN GLICKMAN, Kansas
CHARLES W. STENHOLM, Texas
HAROLD L. VOLKMER, Missouri
TIMOTHY J. PENNY, Minnesota
TIM JOHNSON, South Dakota
BILL SARPALIUS, Texas
JILL L. LONG, Indiana
GARY A. CONDIT, California
COLLIN C. PETERSON, Minnesota
CALVIN M. DOOLEY, California
EVA M. CLAYTON, North Carolina
DAVID MINGE, Minnesota
EARL F. HILLIARD, Alabama
JAY INSLEE, Washington
THOMAS J. BARLOW III, Kentucky
EARL POMEROY, North Dakota
TIM HOLDEN, Pennsylvania
CYNTHIA A. MCKINNEY, Georgia
SCOTTY BAESLER, Kentucky
KAREN L. THURMAN, Florida
SANFORD D. BISHOP, JR., Georgia
PAT WILLIAMS, Montana
BLANCHE M. LAMBERT, Arkansas

PAT ROBERTS, Kansas,
Ranking Minority Member
BILL EMERSON, Missouri
STEVE GUNDERSON, Wisconsin
TOM LEWIS, Florida
ROBERT F. (BOB) SMITH, Oregon
LARRY COMBEST, Texas
WAYNE ALLARD, Colorado
BILL BARRETT, Nebraska
JIM NUSSLE, Iowa
JOHN A. BOEHNER, Ohio
THOMAS W. EWING, Illinois
JOHN T. DOOLITTLE, California
JACK KINGSTON, Georgia
BOB GOODLATTE, Virginia
JAY DICKEY, Arkansas
RICHARD W. POMBO, California
CHARLES T. CANADY, Florida

PROFESSIONAL STAFF

DIANNE POWELL, *Staff Director*
VERNIE HUBERT, *Chief Counsel and Legislative Director*
GARY R. MITCHELL, *Minority Staff Director*
JAMES A. DAVIS, *Press Secretary*

SUBCOMMITTEE ON SPECIALTY CROPS AND NATURAL RESOURCES

CHARLIE ROSE, North Carolina, *Chairman*

SCOTTY BAESLER, Kentucky,
Vice Chairman
SANFORD D. BISHOP, JR., Georgia
GEORGE E. BROWN, JR., California
GARY A. CONDIT, California
EVA M. CLAYTON, North Carolina
KAREN L. THURMAN, Florida
DAVID MINGE, Minnesota
JAY INSLEE, Washington
EARL POMEROY, North Dakota
GLENN ENGLISH, Oklahoma
CHARLES W. STENHOLM, Texas
COLLIN C. PETERSON, Minnesota

TOM LEWIS, Florida
BILL EMERSON, Missouri
JOHN T. DOOLITTLE, California
JACK KINGSTON, Georgia
BOB GOODLATTE, Virginia
JAY DICKEY, Arkansas
RICHARD W. POMBO, California

CONTENTS

	Page
H.R. 653, a bill to amend the Watermelon Research and Promotion Act to expand operation of the act to the entire United States, to authorize the revocation of the refund provision of the act, to modify the referendum procedures of the act, and for other purposes	3
de la Garza, Hon. E (Kika), a Representative in Congress from the State of Texas, opening statement	22
English, Hon. Glenn, a Representative in Congress from the State of Oklahoma, prepared statement	17
Rose, Hon. Charlie, a Representative in Congress from the State of North Carolina, opening statement	1
Thurman, Hon. Karen L., a Representative in Congress from the State of Florida, prepared statement	19

WITNESSES

Clayton, Kenneth C., Acting Assistant Secretary, Marketing and Inspection Services, U.S. Department of Agriculture	19
Prepared statement	35
Kendel, Fred, director, marketing operations, Sun World International	31
Prepared statement	57
Leger, C.M. "Buddy," producer, Cordele, GA	31
Prepared statement	54
National Watermelon Association:	
Bruce Price, chairman, executive committee	27, 48
Nancy Childers, executive secretary-treasurer	51

SUBMITTED MATERIAL

National Watermelon Promotion Board, marketing review in 1992 and 1993 marketing programs	59
---	----

REVIEW OF FISCAL YEAR 1994 BUDGET FOR USER FEES FOR MARKETING ORDERS AND CHECKOFF PROGRAMS; AND THE WATER- MELON RESEARCH AND PROMOTION IM- PROVEMENT ACT OF 1993

THURSDAY, MAY 6, 1993

**HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON SPECIALTY CROPS
AND NATURAL RESOURCES,
COMMITTEE ON AGRICULTURE,
*Washington, DC.***

The subcommittee met, pursuant to notice, at 2:10 p.m., in room 1300, Longworth House Office Building, Hon. Charlie Rose (chairman of the subcommittee) presiding.

Present: Representatives Baesler, Bishop, English, Stenholm, Lewis, Emerson, Kingston, and Pombo.

Also present: Representative E (Kika) de la Garza, chairman of the committee, and Representative Pat Roberts, ranking minority member of the committee.

Staff present: Glenda L. Temple, clerk; Keith Pitts, Joe Dugan, Xavier Equihua, and Stacy Steinitz.

OPENING STATEMENT OF HON. CHARLIE ROSE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. ROSE. The Subcommittee on Specialty Crops and Natural Resources will please come to order.

The purpose of today's hearing is to hear testimony regarding H.R. 653, the Watermelon Research and Promotion Improvement Act. I look forward to working with Congressman Glenn English, my colleagues on the subcommittee, and other interested parties to move this proposal forward.

I understand the Department of Agriculture has some technical amendments that they want to add in implementing the Lime Research, Promotion, and Consumer Information Act. In the coming weeks, I hope that we can all reach consensus on these provisions and mark up these proposals.

I wish to also inform you that at 1 p.m. on Wednesday, May 12, the Subcommittee on Specialty Crops and Natural Resources will conduct a hearing on H.R. 1738, the Fresh Cut Flowers and Fresh Cut Greens Promotion and Information Act. The legislation has been cosponsored by my colleague, Mr. Lewis of Florida, the ranking minority member of this subcommittee. I look forward to work-

ing with Mr. Lewis and other interested parties to move ahead with this legislation.

It was to be on the agenda today, but some of us had forgotten that Mother's Day was this weekend, and that is a prime busy time for our friends in the flower industry. Therefore, we decided to hold this over until next week.

Any statements from the members will appear at this point in the record.

[H.R. 653 and the prepared statements of Mr. English and Mrs. Thurman follow:]

103D CONGRESS
1ST SESSION

H. R. 653

To amend the Watermelon Research and Promotion Act to expand operation of the Act to the entire United States, to authorize the revocation of the refund provision of the Act, to modify the referendum procedures of the Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 27, 1993

Mr. ENGLISH of Oklahoma introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Watermelon Research and Promotion Act to expand operation of the Act to the entire United States, to authorize the revocation of the refund provision of the Act, to modify the referendum procedures of the Act, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Watermelon Research and Promotion Improvement Act
6 of 1993”.

1 (b) **TABLE OF CONTENTS.**—The table of contents for
2 this Act is as follows:

- Sec. 1. Short title and table of contents.
- Sec. 2. Change to majority vote in referendum procedures.
- Sec. 3. Expansion of watermelon plans to entire United States.
- Sec. 4. Clarification of differences between producers and handlers.
- Sec. 5. Clarification of collection of assessments by the board.
- Sec. 6. Changes to assessment rate not subject to formal rulemaking.
- Sec. 7. Elimination of watermelon assessment refund.
- Sec. 8. Equitable treatment of watermelon plans.
- Sec. 9. Separate consideration of watermelon plan amendments.

3 **SEC. 2. CHANGE TO MAJORITY VOTE IN REFERENDUM PRO-**
4 **CEDURES.**

5 Section 1653 of the Watermelon Research and Pro-
6 motion Act (7 U.S.C. 4912) is amended—

- 7 (1) by inserting “(a)” after “SEC. 1653.”;
- 8 (2) by striking the third sentence; and
- 9 (3) inserting at the end the following new sub-
10 section:

11 “(b) A plan issued under this subtitle shall not take
12 effect unless the Secretary determines that the issuance
13 of the plan is approved or favored by a majority of the
14 producers and handlers (and importers if subject to the
15 plan) voting in the referendum.”.

16 **SEC. 3. EXPANSION OF WATERMELON PLANS TO ENTIRE**
17 **UNITED STATES.**

18 (a) **DEFINITIONS.**—Section 1643 of the Watermelon
19 Research and Promotion Act (7 U.S.C. 4902(3)) is
20 amended—

1 (1) in paragraph (3), by striking “the forty-
2 eight contiguous States of”; and

3 (2) by adding at the end the following new
4 paragraph:

5 “(10) The term ‘United States’ means each of
6 the several States and the District of Columbia.”.

7 (b) ISSUANCE OF PLANS.—The last sentence of sec-
8 tion 1644 of such Act (7 U.S.C. 4903) is amended by
9 striking “the forty-eight contiguous States of”.

10 **SEC. 4. CLARIFICATION OF DIFFERENCES BETWEEN PRO-**
11 **DUCERS AND HANDLERS.**

12 Section 1647(c) of the Watermelon Research and
13 Promotion Act (7 U.S.C. 4906(c)) is amended by adding
14 at the end the following:

15 “(3) If a producer purchases watermelons from other
16 producers, in a combined total volume that is equal to 25
17 percent or more of the producer’s own production, the pro-
18 ducer shall be eligible to serve on the Board only as a
19 representative of handlers and not as a representative of
20 producers.”.

21 **SEC. 5. CLARIFICATION OF COLLECTION OF ASSESSMENTS**
22 **BY THE BOARD.**

23 Section 1647 of the Watermelon Research and Pro-
24 motion Act (7 U.S.C. 4906) is amended—

1 (1) in subsection (f), by striking “collection of
2 the assessments by the Board” and inserting “pay-
3 ment of the assessments to the Board.”; and

4 (2) in paragraphs (1) and (3) of subsection (g),
5 by striking “collected” and inserting “received”.

6 **SEC. 6. CHANGES TO ASSESSMENT RATE NOT SUBJECT TO**
7 **FORMAL RULEMAKING.**

8 Section 1647(f) of the Watermelon Research and
9 Promotion Act (7 U.S.C. 4906(f)), as amended by section
10 5(1), is further amended by adding at the end the follow-
11 ing new sentences: “In fixing or changing the rate of as-
12 sessment pursuant to the plan, the Secretary shall comply
13 with the notice and comment procedures established under
14 section 553 of title 5, United States Code. Sections 556
15 and 557 of such title shall not apply with respect to fixing
16 or changing the rate of assessment.”.

17 **SEC. 7. ELIMINATION OF WATERMELON ASSESSMENT RE-**
18 **FUND.**

19 Section 1647(h) of the Watermelon Research and
20 Promotion Act (7 U.S.C. 4906(h)) is amended—

21 (1) by inserting “(1) Except as provided in
22 paragraph (2)” after “(h)”; and

23 (3) by adding at the end the following new
24 paragraph:

1 “(2) If approved in the referendum required by sec-
2 tion 1655(b) relating to the elimination of the assessment
3 refund under paragraph (1), the Secretary shall amend
4 the plan which is in effect on the day before the date of
5 the enactment of the Watermelon Research and Promotion
6 Improvement Act of 1993 to eliminate such refund provi-
7 sion.”.

8 **SEC. 8. EQUITABLE TREATMENT OF WATERMELON PLANS.**

9 (a) DEFINITIONS.—Section 1643 of the Watermelon
10 Research and Promotion Act (7 U.S.C. 4902), as amended
11 by section 3(a), is further amended—

12 (1) in paragraph (3), by striking the semicolon
13 at the end and inserting the following: “or imported
14 into the United States.”;

15 (2) by redesignating paragraphs (6) and (7) as
16 paragraphs (8) and (9), respectively; and

17 (3) by inserting after paragraph (5) the follow-
18 ing new paragraphs:

19 “(6) The term ‘importer’ means any person
20 who imports watermelons into the United States.

21 “(7) The term ‘plan’ means an order issued by
22 the Secretary under this subtitle.”.

23 (b) ISSUANCE OF PLANS.—Section 1644 of such Act
24 (7 U.S.C. 4903), as amended by section 3(b), is further
25 amended—

1 (1) in the first sentence, by striking “and han-
2 dlers” and inserting “, handlers, and importers”;

3 (2) by striking the second sentence; and

4 (3) in the last sentence, by inserting “or im-
5 ported into the United States” before the period.

6 (c) NOTICE AND HEARINGS.—Section 1645(a) of
7 such Act (7 U.S.C. 4904(a)) is amended—

8 (1) in the first sentence, by striking “and han-
9 dlers” and inserting “, handlers, and importers”;
10 and

11 (2) in the last sentence, by striking “or han-
12 dlers” and inserting “, handlers, or importers”.

13 (d) MEMBERSHIP OF BOARD.—Section 1647(c) of
14 such Act (7 U.S.C. 4906(c)), as amended by section 4,
15 is further amended—

16 (1) by inserting “(1)” after “(c)”;

17 (2) in the second sentence, by striking “pro-
18 ducer and handler members” and inserting “other
19 members”; and

20 (3) by adding at the end the following new
21 paragraph:

22 “(2) If importers are subject to the plan, the Board
23 shall also include a single representative of importers who
24 shall be appointed by the Secretary from nominations sub-
25 mitted by importers in such manner as may be prescribed

1 by the Secretary. If importers are subject to the plan and
2 fail to select a nominee for appointment to the Board, the
3 Secretary may appoint any importer as the representative
4 of importers.”.

5 (e) **ASSESSMENTS.**—Section 1647(g) of such Act (7
6 U.S.C. 4906(g)), as amended by section 5(2), is further
7 amended—

8 (1) in paragraph (4)—

9 (A) by striking “(4) assessments” and in-
10 serting “(4) Assessments”; and

11 (B) by inserting “in the case of producers
12 and handlers” after “such assessments”; and

13 (2) by adding at the end the following new
14 paragraph:

15 “(5) If importers are subject to the plan, an as-
16 sessment shall also be made on watermelons im-
17 ported into the United States by such importers.
18 The rate of assessment for importers (if subject to
19 the plan) shall be equal to the combined rate for
20 producers and handlers.”.

21 (f) **REFUNDS.**—Section 1647(h) of such Act (7
22 U.S.C. 4906(h)), as amended by section 7, is further
23 amended—

1 (1) by inserting after “or handler” the first two
2 places it appears the following: “(or importer if sub-
3 ject to the plan)”; and

4 (2) by striking “or handler” the last place it
5 appears and inserting “, handler, or importer”.

6 (g) ASSESSMENT PROCEDURES.—Section 1649 of
7 such Act (7 U.S.C. 4908) is amended—

8 (1) in subsection (a)—

9 (A) by inserting “(1)” after “(a)”; and

10 (B) by adding at the end the following new
11 paragraph:

12 “(2) If importers are subject to the plan, each im-
13 porter required to pay assessments under the plan shall
14 be responsible for payment to the Board, as it may direct,
15 of the assessment. The assessment on imported water-
16 melons shall be equal to the combined rate for domestic
17 producers and handlers and shall be paid by the importer
18 to the Board at the time of the entry of the watermelons
19 into the United States. Each such importer shall maintain
20 a separate record including the total quantity of water-
21 melons imported into the United States that are included
22 under the terms of the plan, as well as those that are ex-
23 empt under such plan, and shall indicate such other infor-
24 mation as may be prescribed by the Board. No more than

1 one assessment shall be made on any imported water-
2 melons.”;

3 (2) in subsection (b), by inserting “and import-
4 ers” after “Handlers”; and

5 (3) in subsection (c)(1), by inserting “or im-
6 porters” after “handlers”.

7 (h) INVESTIGATIONS.—Section 1652(a) of such Act
8 (7 U.S.C. 4911(a)) is amended—

9 (1) in the first sentence, by striking “a handler
10 or any other person” by inserting “a person”;

11 (2) in the fourth sentence, by inserting “(or an
12 importer if subject to the plan)” after “a handler”;
13 and

14 (3) in the last sentence, by striking “the han-
15 dler or other person” and inserting “the person”.

16 (i) REFERENDUM.—Section 1653 of such Act (7
17 U.S.C. 4912), as amended by section 2, is further
18 amended—

19 (1) in the first sentence—

20 (A) by striking “and handlers” both places
21 it appears and inserting “, handlers, and im-
22 porters”; and

23 (B) by striking “or handling” and insert-
24 ing “, handling, or importing”; and

25 (2) in the fourth sentence—

1 (A) by striking “or handler” and inserting
2 “, handler, or importer”; and

3 (B) by striking “or handled” and inserting
4 “, handled, or imported”.

5 (j) TERMINATION OF PLANS.—Section 1654(b) of
6 such Act (7 U.S.C. 4913(b)) is amended—

7 (1) in the first sentence—

8 (A) by striking “10 per centum or more”
9 and inserting “at least 10 percent of the com-
10 bined total”; and

11 (B) by striking “and handlers” both places
12 it appears and inserting “, handlers, and im-
13 porters”; and

14 (2) in the second sentence—

15 (A) by striking “or handle” and inserting
16 “, handle, or import”;

17 (B) by striking “50 per centum” and in-
18 serting “50 percent of the combined total”.

19 (C) by striking “or handled by the han-
20 dlers,” and inserting “, handled by the han-
21 dlers, and imported by the importers”.

22 (k) CONFORMING AND TECHNICAL AMENDMENTS.—

23 Such Act is further amended—

1 (1) in section 1642(a)(5) (7 U.S.C.
2 4901(a)(5)), by striking “and handling” and insert-
3 ing “handling, and importing”;

4 (2) in the first sentence of section 1642(b) (7
5 U.S.C. 4901(b))—

6 (A) by inserting “, or imported into the
7 United States,” after “harvested in the United
8 States”; and

9 (B) by striking “produced in the United
10 States”;

11 (3) in section 1643 (7 U.S.C. 4902), as amend-
12 ed by subsection (a) and section 3—

13 (A) by striking “subtitle—” and inserting
14 “subtitle.”;

15 (B) in paragraphs (1), (2), (3), (4), and
16 (5), by striking “the term” and inserting “The
17 term”;

18 (C) in paragraphs (1), (2), (4), and (5), by
19 striking the semicolon at the end and inserting
20 a period;

21 (D) in paragraph (8), as redesignated by
22 subsection (a)(2)—

23 (i) by striking “the term” and insert-
24 ing “The term”; and

1 (ii) by striking “; and” and inserting
2 a period; and

3 (E) in paragraph (9), as redesignated by
4 subsection (a)(2)—

5 (i) by striking “the term” and insert-
6 ing “The term”; and

7 (ii) by striking “1644” and inserting
8 “1647”; and

9 (4) in section 1647(g) (7 U.S.C. 4906(g)), as
10 amended by subsection (e) and section 5(2)—

11 (A) by striking “that—” and inserting
12 “the following.”;

13 (B) in paragraph (1)—

14 (i) by striking “(1) funds” and insert-
15 ing “(1) Funds”; and

16 (ii) by striking the semicolon at the
17 end and inserting a period;

18 (C) in paragraph (2)—

19 (i) by striking “(2) no” and inserting
20 “(2) No”; and

21 (ii) by striking the semicolon at the
22 end and inserting a period;

23 (D) in paragraph (3)—

24 (i) by striking “(3) no” and inserting
25 “(3) No”; and

1 (ii) by striking “; and” and inserting
2 a period.

3 **SEC. 9. SEPARATE CONSIDERATION OF WATERMELON**
4 **PLAN AMENDMENTS.**

5 Section 1655 of the Watermelon Research and Pro-
6 motion Act (7 U.S.C. 4914) is amended—

7 (1) by inserting “(a)” before “The provisions”;
8 and

9 (2) by adding at the end the following new sub-
10 sections:

11 “(b) The amendments described in subsection (c)
12 that are required to be made by the Secretary to a plan
13 as a result of the amendments made by the Watermelon
14 Research and Promotion Improvement Act of 1993 shall
15 be subject to separate line item voting and approval in
16 a referendum conducted pursuant to section 1653 before
17 the Secretary alters the plan as in effect on the day before
18 the date of the enactment of such Act.

19 “(c) The amendments referred to in subsection (b)
20 are those amendments required under—

21 “(1) section 7 of the Watermelon Research and
22 Promotion Improvement Act of 1993 relating to the
23 elimination of the assessment refund; and

24 “(2) section 8 of such Act relating to subjecting
25 importers to the terms and conditions of the plan.

1 “(d) When conducting the referendum relating to
2 subjecting importers to the terms and conditions of a plan,
3 the Secretary shall include as eligible voters in the referen-
4 dum producers, handlers, and importers who would be
5 subject to the plan if the amendments are approved.”.

STATEMENT OF REP. ENGLISH ON H.R. 653
SUBCOMMITTEE ON SPECIALTY CROPS & NATURAL RESOURCES
MAY 6, 1993

Mr. Chairman, I am pleased that you are holding hearings today on H.R. 653, the "Watermelon Research and Promotion Improvement Act of 1993." This bill, which I sponsored, will provide important incentives to the watermelon industry and will bring the watermelon promotion program in line with other checkoff programs which have discontinued the refund of promotional monies. These decisions will be made by the producers themselves, of course, and should a majority of watermelon producers accept the terms of the referendum as provided H.R. 653, a greater amount of checkoff funds will be used in generic promotional activities. These funds are intended to stimulate greater public interest in the product while increasing watermelon sales nation-wide. Increased sales are translated into more money going into the pocket of the producer -- a goal, often an elusive one, which all of us in agriculture strive to achieve.

The provisions of H.R. 653 were widely endorsed by the watermelon industry and include: a clarification for representation on the promotion board, assessments on watermelons produced in all 50 states (as opposed to 48 as in current law), an assessment on imported watermelons, a revocation of checkoff

funds, and a separate line item vote on each amendment subject to the referendum.

The Subcommittee looks forward to testimony from the Marketing and Inspection Services as well as representatives from all segments of the watermelon industry.

PREPARED STATEMENT OF HON. KAREN L. THURMAN

I would just like to say on behalf of the Florida lime producers that they are very comfortable with the existing order, they have tried very hard to work with all segments of the industry for the mutual benefit of all, and we would be very skeptical about making changes after the fact. At the very least, we would prefer to have all segments of the industry meet and discuss any potential problems before Congress takes any precipitous action.

Mr. ROSE. Our first witness is Mr. Kenneth Clayton, Acting Assistant Secretary, Marketing and Inspection Services, USDA.

Mr. Clayton, please proceed.

STATEMENT OF KENNETH C. CLAYTON, ACTING ASSISTANT SECRETARY, MARKETING AND INSPECTION SERVICES, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY CHARLES BRADER, DIRECTOR, FRUIT AND VEGETABLE DIVISION, AGRICULTURAL MARKETING SERVICE

Mr. CLAYTON. Thank you very much, Mr. Chairman.

Mr. Chairman and members of the subcommittee, we certainly do appreciate this opportunity to appear before you today to discuss H.R. 653, the proposed Watermelon Research and Promotion Improvement Act Amendments of 1993, and a needed technical amendment to the Lime Research, Promotion, and Consumer Information Act.

Accompanying me today is Charles Brader, Director of the Fruit and Vegetable Division within the Agricultural Marketing Service at USDA.

Mr. Chairman, I will briefly summarize my testimony but do ask that the full text of my statement be included in the record.

Mr. ROSE. Without objection, your prepared statement will appear in the record.

Mr. CLAYTON. The Department has long been supportive of industry self-help initiatives for the agricultural sector to improve its competitive position in the marketplace. Consequently, we have no objection to H.R. 653 and a technical amendment to the Lime Research, Promotion, and Consumer Information Act. However, we do urge the committee to take action to assure that appropriate representation exists on the boards for importers that may be covered under these programs.

I would like to turn first to H.R. 653, the Watermelon Research and Promotion Act Amendments of 1993. These amendments are being offered in response to several concerns that the watermelon industry has expressed about its research and promotion program.

H.R. 653 would eliminate the current refund provision, provide authority for assessment of imports as well as importer representation on the board, and change the referendum approval requirements to a simple majority of the producers, handlers, and if covered by the plan, importers who vote. Additionally, the bill would extend coverage of the watermelon research and promotion program to all 50 States and permit changes in the assessment rate through informal rulemaking.

When assessments began under the watermelon plan in 1990, refunds accounted for about 9 percent of total assessments. In 1991, the level of refunds rose to 17 percent. In 1992, refunds went even higher to 26 percent. If the refund provision is eliminated, the National Watermelon Research and Promotion Board would have sub-

stantially more money to conduct promotional efforts for watermelons.

Because of the unpredictability of refunds associated with the current program, the Watermelon Board has had to maintain substantial amounts of assessment funds on hand to respond to refunds on demand. This has, in effect, precluded the use of such funds for promotional efforts. Elimination of refunds would provide an additional \$250,000 each year to the board.

On the question of imports, H.R. 653 provides for assessments of watermelon imports at a rate equal to assessments on domestic production. Importers would pay 4 cents per hundredweight, which is the combined rate for both domestic producers and handlers. The vast majority of imports are from Mexico, about 90 percent, with smaller amounts from Honduras at about 4 percent, and even lesser amounts being imported from Panama, Costa Rica, and El Salvador, about 5 percent combined. Imports of watermelons into the United States in 1992 totalled nearly 308 million pounds, compared to shipments of U.S.-produced watermelons of about 2 billion pounds in 1992.

To facilitate the administration of this program, the Department also suggests two amendments to H.R. 653 that would further modify the eligibility criteria for producer members on the board, and would permit future referenda to be conducted primarily by mail ballot rather than solely at county Extension offices, as currently required under the act.

In addition, we note that there is no minimum volume exemption proposed for watermelon importers. We believe that equal treatment of domestically produced and imported watermelons requires a minimum volume exemption for importers which is comparable to the 5-acre exemption currently available to domestic producers. Similarly, we believe that importer representation on the board should reflect assessments paid by importers.

Mr. Chairman, I would now like to turn to a needed technical amendment to the Lime Research, Promotion, and Consumer Information Act.

The Department would urge the committee to consider a technical amendment to the Lime Act to change the scientific name currently in the act from *Citrus aurantifolia* to *Citrus latifolia*. The Lime Order implementing the lime research and promotion program became effective back on January 27, 1992.

At the Lime Board's first meeting in October of 1992, it was pointed out that the scientific name for limes which appears in the act and the order refers only to small, seeded, or key limes, and not to the larger seedless limes known as Persian, Tahiti, or Bearss limes, which the industry intended to be covered by this program. Therefore, the board voted to delay implementation of the program until a technical amendment is made to change the scientific name in the act.

The board at last October's meeting recommended an initial assessment rate and budget, they developed bylaws, and they made other operational decisions which can be implemented, with the approval of the Secretary, after Congress amends the act and the Secretary subsequently amends the order.

In 1991, U.S. production of fresh market limes was approximately 94 million pounds. Imports totaled approximately 174 million pounds. In 1992, domestic fresh market production decreased to approximately 77.4 million pounds and imports increased to approximately 217 million pounds. U.S. fresh market production in 1993 is forecast at 73 million pounds, but could be as low as 25 million pounds, primarily due to the damage to the orchards in Florida by Hurricane Andrew in August of 1992.

U.S. production is not expected to reach pre-Hurricane Andrew levels for possibly 2 to 3 years because the majority of the U.S. production of limes is in the State of Florida.

The preponderance of imports—some 99 percent—is from Mexico. There are an estimated 325 domestic producers and producer handlers and 25 importers who are covered by this program.

The lime importers of Texas have expressed the view that they are underrepresented on the board. Of the current “authorized” board members, only three are importers, while assessments on imports could represent some 60 percent to 90 percent of the board’s total assessment income, depending upon how quickly the Florida lime industry rebounds from Hurricane Andrew. However, even at pre-Hurricane Andrew production levels, over 60 percent of the assessment income would have been from imports.

We believe that any proposal to amend the authorizing act and order should assure that importer representation on the board reflects the assessments paid by importers.

In summary, Mr. Chairman, my testimony has addressed amendments for the watermelon and lime research and promotion programs. We have no objection to these proposals. We do, however, urge your consideration of the additional amendments I have suggested, which we believe will help clarify certain provisions and facilitate the administration of these programs.

With respect to those programs that assess imports, we believe that it is important to assure equitable treatment to domestic producers and importers. We will be glad to work with the subcommittee in developing appropriate language changes.

As with all the commodity research and promotion programs, the Department will continue its active oversight role to ensure that these programs are carried out in accordance with the authorizing statutes and orders. Annual budgets and work plans of the respective boards are approved by the Secretary and departmental staff regularly attend board meetings. This ongoing and active oversight helps assure that industry-generated funds are expended for the purposes intended.

Mr. Chairman, this concludes my statement. We will be pleased to respond to any questions that you or the committee might have.

Thank you.

[The prepared statement of Mr. Clayton appears at the conclusion of the hearing.]

Mr. ROSE. Thank you very much.

We are very happy to have the chairman of the full committee, Mr. de la Garza, with us today. I would yield to him for any opening comments or any questions that he might have of Mr. Clayton.

**OPENING STATEMENT OF HON. E (KIKI) de la GARZA, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

The CHAIRMAN. Thank you very much, Mr. Chairman. I will be very brief.

I thank Mr. Clayton for being here. He has actually, in his presentation, covered the areas of interest to me in the lime area.

Mr. Chairman and members, we already had a problem in that in Mexico what we call a lime they call a lemon. So we have had problems in communicating because we would call it a lime and they would call it a lemon, but it is a little green lime. Then when they named the board, they named it with the scientific name for the key lime, which we only eat in pie. I am glad that we got that cleared up now. I don't know that many people are going to be very concerned between aurantifolia and latifolia, but we have it correct.

Mr. Clayton, I thank you for understanding the situation and your recommendations in changing the board.

I also join my good friend, Mr. English, with his interest in the watermelon. We have great watermelon production in my area of Texas. Unfortunately, most of it got hit by hail recently, but we still need the promotion.

I thank you very much for being here.

Thank you, Mr. Chairman.

Mr. ROSE. Thank you, Mr. Chairman.

I apologize, Mr. English, for not giving you a chance to make an opening statement. If you have one, I will put it in the record at the beginning of our regular rotation, to let Mr. Emerson have first crack at any questions, then the floor is yours.

Mr. English is the sponsor of this legislation and the reason we are having this hearing today.

Mr. ENGLISH. Thank you very much, Mr. Chairman. I appreciate very much you having the hearing today and certainly appreciate the honor of having the full committee chairman join us. I want to wholeheartedly endorse his comments.

I think the proposals, the amendments that Mr. Clayton has brought to us, are generally good amendments. I think they make a lot of sense. As I understand it, there seems to be broad agreement that those are strengthening amendments.

There is one point I would like to raise, Mr. Clayton. You touched on it when you mentioned minimum volume treatment with regard to imports. I know we have a 5-acre minimum in this country, but as I understand it, that is a case in which the burden has been placed upon the board to prove that a grower does not meet the 5-acre exemption if he so claims it.

I am wondering with regard to imports, is that the intention of your proposal, that it would be up to the board to disprove that any imports were not grown on someone's 5 acres down in Honduras or some place like that?

Mr. CLAYTON. Mr. English, I don't think we would intend to go quite that far. It is our view that there does need to be equity between the producers and handlers on the domestic side as compared to those who would import watermelon.

The fundamental issue boils down to what effect, if any, the assessments might have on the competitive position of given handlers—be they domestic or imported—their competitive position in

the domestic marketplace. Granted, the assessment is at a fairly low level, but I think the principle is probably the important thing here. The fact would remain that on the domestic side there will be some amount of watermelons which will proceed to market with only the 2-cent handler assessment on them if in fact the producer was relieved through the 5-acre exemption from that 2-cent assessment.

It would be our view that comparable treatment ought to be taking place on the importer side. If in fact an importer brought only a very small volume equivalent to the domestic exemption into this country in a given year, only the handler exemption ought to apply and not the producer exemption.

Mr. ENGLISH. I am a little bit troubled about that aspect of it. I agree with you with regard to equality. I don't think there is disagreement in that area.

I am troubled about the fact of how we are going to make this determination. A guy could have 1,000 acres of watermelons down there and he comes in and says, "Look at all these watermelons that grew on 5 acres." If it is up to the board to disprove that, that is going to be a very difficult, complicated, expensive proposition for the board to undertake.

Wouldn't it make more sense to make a little change, both domestically and with regard to watermelons that are grown overseas, and simply put that burden on the grower to prove that he is producing those watermelons on 5 acres or less as opposed to putting the burden on the board? I am not sure, again. I think that has to be demonstrated and obviously there will be a judgment call on imports as to how that is being done and perhaps that is USDA's responsibility to make sure that is a fair and equitable means of making that determination or presenting that kind of evidence.

Perhaps it would be even better if USDA questioned the judgment of the board in the matter that USDA then be required to investigate and make an independent determination on the site as to whether or not it is or is not a 5-acre plot. Would you have problems with that?

Mr. CLAYTON. No. I apologize because I don't think I completely answered your question the first time.

It would be our view that with regard to the imports a determination would be made at the U.S. border.

Mr. ENGLISH. How do we do that?

Mr. CLAYTON. We do it already under some of the existing programs. Basically, importers will pay assessments throughout the course of the year. At the end of the year, their imports are totalled up. Depending upon what that level of import is, and depending on what kind of an exemption we might have in place on importers, if they fell below that exemption, the importer could apply to the board for a refund of the producer portion of the assessment.

That is how it works in some of the other programs. Cotton, for example, where we recently introduced assessments on imports, including textiles, the question arose as to those textiles which contain U.S. cotton that has gone overseas and been manufactured into t-shirts? That cotton has already been assessed once before it was sold overseas to a manufacturer. Therefore, when that textile

product comes back into the United States, it was the view that somehow we needed to basically not double-hit it with assessment.

So there is a process in place where we make some calculations as to what the likely U.S. cotton content is. At the end of the year, importers are free to make refund requests to the board to have a rebate of assessment. I would think we could operate something similarly.

Mr. ENGLISH. I am troubled by that approach. You are saying that the importer would make the request for the refund and he would present to the board the information. So I assume that what you're telling me is that we're taking the word of that importer that in fact he has 150 5-acre growers out there, and all these 150 5-acre growers just happen to fall under the 5-acre limit and therefore he should get all that money back.

That is troubling to me because we are in the position of taking the importer's word for it. Is that right?

Mr. CLAYTON. As you defined it, yes. I think our view would be that in a sense it is less important to take it back to the producer in a foreign country. What is at issue here is the level of assessment on those imports.

As I attempted to explain early on, I think it has to do with the competitive position in the U.S. marketplace.

Mr. ENGLISH. You are more interested in competitive positions, then, than you are the reality of a 5-acre limitation?

Mr. CLAYTON. I am looking at it from a trade point of view.

Mr. ENGLISH. Yes, and that is what troubles me.

Mr. CLAYTON. I think that what we do here does have to take into account trade implications.

Mr. ENGLISH. I thought you told me, though, whenever you were making your presentation, that what you were interested in was equity. So we have a 5-acre limit here in this country. If we were going to be equitable, we would have a real 5-acre limitation as far as imports.

Mr. CLAYTON. But Congressman, isn't it true that while we talk in terms of a 5-acre limit, in fact that translates more or less to some volume exemption? It is not acres that are assessed, it is volume of watermelons. What is at issue here is some volume of watermelons that are not subject to exemption on the domestic side. I think there has to be some equity created that in those cases where there may be very small volumes of watermelon coming into the United States, that they, too, would not be subject to a portion of the assessment.

Mr. ENGLISH. I am a little old-fashioned. I expect that whenever you put 5 acres in the law and you talk about equity, you mean 5 acres.

And that is what has troubled me about the way the law is being administered right now. It would appear to me that really what we are down to bottom line is that we expect that people who are growing them on 6 acres would not be exempt. You are telling me that they are.

Mr. CLAYTON. Certainly the exemption is on a 5 acre basis. But, as a practical matter, from the standpoint of marketing watermelons in terms of an individual's competitive position, they are not marketing land. They are in fact marketing watermelons. So

when it comes to the competitive position of those watermelons in the U.S. market, in fact, growers who have less than 5 acres are able to market those watermelons without paying the 2-cent assessment.

Mr. ENGLISH. In the interest of carrying out the letter of the law as it was written, would USDA object to the changes I proposed, that we require the grower to produce evidence to the board that in fact those watermelons were produced on 5 acres or less, and provide the same kind of requirement as far as imports, for the board to make a judgment as to whether or not an importer has in fact met those requirements, with USDA being in a position to investigate on the ground to determine whether in fact the claim is true, if there is a problem with that claim? Would you have a problem with that?

Mr. CLAYTON. As to the first part of your question, which deals on the domestic side in terms of where the burden of proof ought to lie, we would have no problem with your suggestion. I think that the burden should fall on the producer, as you are suggesting.

With regard to the issue of imports, I think as much as anything it becomes a practical matter. If one is going to try to verify on imports—the notion of having to go to foreign countries to substantiate claims seems to be a tremendous administrative burden. Ultimately, any of those oversight costs are going to be borne by watermelon producers in this country.

That would become a very expensive proposition to try to verify claims that might be made in that regard. That is why my focus has been a bit more on simply looking at the volume of watermelons which a given importer brings into this country in a year without necessarily taking it back to the farm on which it may have originated.

Then as I said earlier, I think fundamentally the reason this is important is that it has to do with the cost, really, of the watermelons that are being marketed if one can include these assessments as a cost. The issue of equitable treatment really plays out in the marketplace when it comes to the cost of the product and what can be received for it.

Mr. ENGLISH. Thank you, Mr. Chairman.

Mr. ROSE. We have to go vote when the second bell rings, but I would like to follow-up on something you said.

This is a new jurisdiction for me in this subcommittee. You said that this basically comes down to a practical question. Do you mean that if there is any verification or checking done on the kinds of things Mr. English raised that the American program will have to pay the cost of that?

Mr. CLAYTON. The program would have to pay the cost.

Mr. ROSE. And the program here is funded by the American watermelon industry, right?

Mr. CLAYTON. If we were going to be checking on imports, I assume that importers would also be contributing to the program. So it would be both American producers and importers.

Mr. ROSE. I think Mr. English raised a very good problem. I am constantly amazed at how much peanut butter they make in Canada. You would be interested to know, Mr. English, that the ITC ruled in 1985 that sugar blends—that is, a carload of sugar with

one drop of vanilla in it, which is sweetened vanilla, that that practice was being abused and should be stopped.

The ITC made the absolute right decision. They gave the absolute right remedy in 1985 and it was only released in April of this year when the new administration discovered it. Isn't that amazing?

I am not satisfied at all with how the Department handles trade, or monitors it, or is even interested in monitoring imports.

We have to go vote. When we come back, Mr. Emerson has the floor.

Mr. EMERSON. Mr. Chairman, I am not going to be able to come back.

Mr. ROSE. I will ask your questions for you or your colleague can.

Mr. EMERSON. I don't think he can come back either.

Mr. English and I are supposed to be in another meeting of the Agriculture Committee.

Mr. Lewis has a number of questions on both limes and watermelons that I was going to ask in his behalf because he is a witness at another committee hearing this afternoon. He is having to testify in the Appropriations Committee, which is why he cannot be here.

Mr. Chairman, I ask unanimous consent that Mr. Lewis' written questions be submitted to Mr. Clayton and that there be a response promptly for the transcript of this hearing.

Mr. ROSE. Without objection, the prepared questions will appear in the record.

Anything else?

Mr. EMERSON. I am advised that if Mr. Lewis is finished testifying in the Appropriations Committee at the conclusion of this vote in the House he may come here rather than go back to the Appropriations Committee.

Mr. ROSE. Then he can certainly ask them himself.

Mr. EMERSON. Thank you, Mr. Chairman.

Mr. ROSE. Thank you, gentlemen. If you will hold, we will go vote and some of us will come back.

[Recess taken.]

Mr. ROSE. The subcommittee will resume its sitting.

Mr. Clayton, you are the Acting Assistant Secretary?

Mr. CLAYTON. That's correct.

Mr. ROSE. How long have you been at AMS?

Mr. CLAYTON. For about 4½ years.

Mr. ROSE. Who has direct authority over the Agricultural Marketing and Inspection Service? Is it a Deputy? What is the chain of command?

Mr. CLAYTON. To start at the agency level, the Agricultural Marketing Service, there is an Administrator who would be the Chief Officer for the agency.

Mr. ROSE. Who is he?

Mr. CLAYTON. That position is vacant at the moment.

Mr. ROSE. OK.

Mr. CLAYTON. I would be the Program Deputy in the Agricultural Marketing Service. So from a program standpoint I would be second-in-command at the agency.

Mr. ROSE. So you are acting in the second position. The first position in AMS is also open but nobody is acting, or is that your responsibility?

Mr. CLAYTON. Let me make another run at it.

Mr. ROSE. All right.

Mr. CLAYTON. Within the agency, the Administrator, the No. 1 job, is open right now.

Mr. ROSE. And there is nobody serving as acting?

Mr. CLAYTON. Linda Massaro, who is a Deputy Administrator on the management side with AMS is currently the Acting Administrator.

Mr. ROSE. All right.

Mr. CLAYTON. Shortly after the election, I was asked to serve as Acting Assistant Secretary for Marketing and Inspection Services.

Mr. ROSE. Where were you pulled across from?

Mr. CLAYTON. From my permanent job as the Deputy Administrator in the Agricultural Marketing Service for programs. That is my permanent home.

Mr. ROSE. Thank you very much for your testimony. We will excuse you at this time.

Mr. CLAYTON. Thank you, Mr. Chairman.

Mr. ROSE. Our next witness is a panel consisting of Mr. Bruce Price, chairman of the executive committee of the National Watermelon Association, Hinton, Oklahoma; accompanied by Ms. Nancy Childers, executive secretary-treasurer, National Watermelon Association, Morven, Georgia; Mr. Vern Highley, public affairs director, National Watermelon Association; and Mr. Arnold Meck, vice president, National Watermelon Association, Pensacola, Florida; Mr. C.M. "Buddy" Leger, L&M Enterprises, Cordele, Georgia; and Mr. Fred Kendel, director of marketing operations, Sun World International, Coachella, California.

Mr. Price, we are glad to have all of you here. Your entire testimony will be made a part of the record and the only question I will have for all of you is to comment on the Department's proposed amendment. You can do that at the end of the testimony.

In the interest of time, if you would like to summarize your testimony, you may do so, but the decision is yours.

Mr. Price.

STATEMENT OF BRUCE PRICE, CHAIRMAN, EXECUTIVE COMMITTEE, NATIONAL WATERMELON ASSOCIATION, ACCOMPANIED BY NANCY CHILDERS, EXECUTIVE SECRETARY-TREASURER; VERN HIGHLEY, PUBLIC AFFAIRS DIRECTOR; AND ARNOLD MECK, VICE PRESIDENT

Mr. PRICE. Thank you, Mr. Chairman.

My name is Bruce Price and I reside in Hinton, Oklahoma where I have a farming interest as a watermelon producer and further business interest as a major shareholder and board member of a company that produces and sells seed for seedless watermelons. Additionally, I represent the votes in Oklahoma's 23rd District as their State senator. My family has been engaged in watermelon production since 1938 and I have been an active producer for about 20 years.

Having served in all officer positions of the National Watermelon Association over the past 7 years, I have been able to observe and communicate frequently with the elements of our industry. It is my opinion that producers, handlers, shippers, importers, and affiliated support groups are highly supportive of our National Watermelon Promotion Board and its programs. It is doing well on a small budget, but there are a few shortcomings built into our order that, if corrected or improved, could make a tremendous difference in the funding available for increased watermelon consumption. This is the purpose of our visit with you today.

We are asking the committee's help, through this important subcommittee, to make several improvements in our original legislation that will enable the industry to make faster progress in improving the consumption of watermelons. All the improvements we seek would be subject to approval in an industry referendum.

The major amendments to our program, if approved in a referendum, would be similar to those already adopted by nearly all the major research and promotion commodity groups: The assessment of imports and the revocation of refunds. Importers of watermelons into the United States would be assessed the same rate that domestic producers and handlers pay to the NWPB. Importers would be granted representation to the board. Producers, handlers, and importers would not be entitled to receive refunds of their assessments.

Also, we are seeking an amendment that other commodity groups and new research and promotion acts are instituting, which is a change to a majority vote in referendum procedures. Additionally, in fixing or changing the rate of assessment, we wish to rely on the Secretary of Agriculture's judgment using the notice and comment procedures, which would save our small industry the considerable expense and time involved in formal rulemaking.

Other amendments involve the clarification of definitional differences between producers and handlers. The extension of the act to include all States of the United States and the District of Columbia and for the amendments voted on in a referendum to be subject to separate line item voting. At its annual meetings in 1992 and 1993, the membership body of the National Watermelon Association voted in support of these amendments by a wide majority.

Of the nearly 7,000 watermelon producers and handlers in the United States who are assessed for research and promotion, fewer than 100 requested refunds in 1992. The lion's share of refunds—about 80 percent of the approximately \$200,000 requested for return—was done by only 31 persons.

Mr. Chairman, I would submit the remainder of my statement for the record and not take additional time. In response to one of the questions raised by the USDA on which you asked us to comment, it would be the representation on the board by importers.

I am a grower and was involved in the original setup of the districting in the original order, of which we based the membership on the board as to volume produced in seven different districts. At that point, we had statistics to show that we had 2.8 billion pounds produced in the United States. We divided those into seven equal districts of approximately 400 million pounds apiece. According to

the USDA figures, last year's imports were 308 million, quite a bit less than one of our domestic districts.

Our domestic districts have two handlers and two growers representing that district on the board. If we make that application to importers, importers are handlers. We would assume the foreign grower would be hard to represent. We would therefore think that a maximum of two would fit that formula. We would ask for equity in that.

Mr. Chairman, we are grateful to you and your associates on this subcommittee for providing an opportunity to relate our support of the Watermelon Research and Promotion Act of 1993, H.R. 653.

[The prepared statements of Mr. Price and Ms. Childers appear at the conclusion of the hearing.]

Mr. ROSE. Before you go ahead, the ranking minority member of the subcommittee, Mr. Lewis from Florida has come from his other hearing. We will question you all as a panel, unless Mr. Lewis wants to ask you something now. But he may wish to make an opening statement. I would like for him to make whatever comments he would like to make before we proceed.

Mr. LEWIS. Thank you, Mr. Chairman.

I have no questions at this point until the panel is completed, but I would like unanimous consent to provide some questions for the administration both on the Lime Board and also on the Watermelon Board. I am sorry and apologize that I was not here to ask those questions.

If I could have that privilege, I will wait until they are completed.

Mr. ROSE. Without objection, your prepared questions will appear in the record.

[The questions follow:]



QUESTIONS

WATERMELON RESEARCH AND IMPROVEMENT ACT OF 1993 H.R. 653

TO: Ken Clayton, USDA

- 1) What kind of opposition, if any, exists to these amendments?
- 2) What position, if any, have importers taken on this issue?

You have provided the Committee with a break down of the Watermelon Board budget. I note that twice as much funding was spent on administrative costs then was spent on promotion costs.

- 3) What kind of costs are included in the administrative category?
- 4) Is the breakdown between administrative and promotional cost consistent with spending on other research and promotion boards?
- 5) How extensive is the Department's authority to either approve or disapprove Board expenditures?

TO: Watermelon Producers

Each of you appears to be very experienced and familiar with the Watermelon industry and believe these amendments are necessary to the success of the Watermelon Research and Promotion Board.

- 1) Given your familiarity with the industry and the research and promotion program, I think it would be helpful to the Committee to hear your thoughts about what groups are opposed to the legislation and why?
- 2) Has any thought been given to how much of the additional funding that would become available under the bill would be directed toward research and promotion?

(The answers were not submitted at time of printing.)

Mr. ROSE. Are the others OK, too, that you did not comment on specifically?

Mr. PRICE. Yes, I think we are in basic agreement. Other members of the panel may have some comments, but that would be my personal comment.

Mr. ROSE. I am not going to ask any more questions, and I think you can clearly see that there appears to be no serious opposition to your proposal. I just want to make sure that we get all the things right so that it is understood fully.

Are you all together?

Mr. PRICE. Yes, Mr. Chairman.

Mr. ROSE. You are sitting together, but are you together together?

Mr. PRICE. Yes, we are, Mr. Chairman.

Mr. ROSE. All right, the next person may proceed.

Mr. PRICE. We did have a conversation about the 5-acre limit and I would like Mr. Leger to give our comments on that.

Mr. ROSE. That will be fine.

STATEMENT OF C.M. "BUDDY" LEGER, PRODUCER, CORDELE, GA

Mr. LEGER. Thank you, Mr. Chairman and subcommittee members.

Representative English has brought up a very good point. At the time that the legislation was passed and the plan was drawn up, we had hoped that it would be the responsibility of the grower to prove that these watermelons were produced on 5 acres or less. However, we were unable to swing that with the Department. So it is the board's responsibility to prove that they are grown on 5 acres or less.

I can understand where the Department is coming from. If you have something for one, then you should have it for the other.

Mr. ROSE. Let me interrupt you to say that we will do our best to get the Department happy, but you need to get this committee happy with what you want and then let us worry about the Department.

If we can come to a meeting of the minds here—and we are all very sensitive to the question of imports—we will handle your problem with the Department if you will just tell us how you feel.

Mr. LEGER. Then I would say that we add another amendment to what we're asking for and do away with the 5-acre provision altogether. That does away with your dilemma for your imports.

[The prepared statement of Mr. Leger appears at the conclusion of the hearing.]

Mr. ROSE. Congressman Bishop is testifying before the Appropriations Committee. He said that as the Congressman for the Watermelon Capital of the World, he is sorry that he cannot be here. But he is in total support of whatever you want. [Laughter.]

Mr. Kendel, are you next?

STATEMENT OF FRED KENDEL, DIRECTOR, MARKETING OPERATIONS, SUN WORLD INTERNATIONAL

Mr. KENDEL. Thank you, Mr. Chairman and subcommittee members, for allowing me to be here.

My name is Fred Kendel and I reside in the Coachella Valley of California where I am the director of marketing operations and responsible for all imported commodities for Sun World International, a worldwide marketer of nearly 80 fresh fruits and vegetables. The company markets produce to all 50 States and to 30 foreign countries.

Sun World is the largest U.S. producer and marketer of seedless watermelon; the largest U.S. grower of specialty colored sweet peppers; the largest U.S. grower and marketer of table grapes; the largest U.S. marketer of tangerines and mandarins; and one of the largest independent markets of oranges, grapefruit, and lemons. It is also a major international marketer of fresh California dates and date products.

In 1988, Sun World introduced its seedless watermelon and today ships more than 100 million pounds of this special variety throughout the United States and Canada. These melons are produced by growers in 10 U.S. States as well as Honduras and Mexico. Imported production totals about 15 percent of Sun World's shipments and contributes importantly to the company's efforts to provide seedless watermelon to U.S. markets year-round.

Sun World spends many millions of dollars each year in brand promotions of its unique produce varieties. Brand building activities in produce departments has become very aggressive. More than \$35 billion of fruit and vegetables were sold in supermarkets last year, about one-third of which were branded. The company also strongly supports generic promotion efforts spearheaded by commodity checkoff programs such as the National Watermelon Promotion Board.

As pointed out by Sun World's cofounder and chairman, Howard P. Marguleas, each year our company also contributes many hundreds of thousands of dollars to State and Federal commodity board supporting generic promotions. Of the company's diversified produce line, about 1 dozen are included in orders involving promotional endeavors. It's Mr. Marguleas' belief that the country's \$50 billion produce industry would never have reached its present heights without the collective promotional power of the 350 State and Federal marketing orders.

As he has commented: "Throughout the 20th century U.S. commodity boards have enabled farmers to profitably and professionally produce and distribute the world's finest fruits and vegetables. They have managed to smooth out major supply and demand inequities, and they have effectively educated food professionals and consumers about the nutritional qualities and assorted uses for dozens of produce items. Just as important, amid fierce competition for the consumer's food dollar at home and abroad, commodity boards have successfully and efficiently enhanced fruit and vegetable values."

I can assure you it is our company policy to proactively and positively support these generic commodity boards, such as exists for watermelons, along with our own independent branded marketing activities that together contribute so well to strong consumer awareness.

As an importer of watermelons, we strongly support the inclusion of watermelon imports for assessments to support the National Wa-

termelon Promotion Board programs. Although equivalent to 10 percent or less of U.S. production, imports of watermelon into this country could increase to a more sizeable proportion, especially if such trading pacts as the North American Free-Trade Agreement become a reality. It is only proper and fitting that imports be assessed their fair share for generic promotion activities, the same as U.S. producers and handlers pay, since importers also benefit from enhanced consumer awareness in produce markets.

Just as private firms find in the business of food marketing, promotion is an effort that requires activity on an increasing scale. Commodity boards must continue to increase their budget where possible and employ more substantial marketing programs to keep driving produce sales. With the passage of H.R. 653 and with subsequent approval in an industry referendum, the National Watermelon Promotion Board will have a major boost in its funding with the addition of import assessments and through the termination of refunds.

Coupled with the produce industry's promising five-a-day plan and the branded advertising of private firms, the generic commodity board activities such as supported by the U.S. watermelon industry spell good news for the fresh food industry.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Kendel appears at the conclusion of the hearing.]

Mr. ROSE. Thank you very much.

Thank you all very much.

Any questions, Mr. Lewis?

Mr. LEWIS. Mr. Chairman, I just have one question.

With the board's familiarity with the industry and the research promotion program, it would be helpful for the subcommittee to hear your thoughts about what groups could be or are opposed to the legislation and why.

Do you have that information?

Mr. LEGER. Congressman Lewis, as all programs or anything, you are going to have a certain amount of people who are opposed to it.

Mr. LEWIS. I mean viciously opposed.

Mr. PRICE. I don't believe we have many groups. We have a few individuals.

Mr. LEGER. I don't know of any groups that are viciously opposed. There are a small number of individuals who are viciously opposed.

Mr. LEWIS. Do you have any thoughts about the additional funding that could become available under the bill? Could it be directed toward research and promotion?

Mr. PRICE. I think so, sir. We feel that our administrative costs are already there. Any additional money we get in, plus the relief of not having to hold reserves for refunds—basically all this money could go straight to research and promotion.

Mr. LEWIS. Thank you very much. Thank you for your testimony.

Thank you, Mr. Chairman.

Mr. ROSE. Thank you, sir.

We appreciate you all being here. Thank you for coming the distances that you did. I am a strong supporter and advocate of pro-

motion programs. This is the first hearing that this subcommittee has held on a particular promotion program. I think you should all let my staff and Mr. Lewis' staff know, if you can, how you feel about this and the specific things you object to in the administration's recommendation and the other recommendations that you might have to go in the final version. If you can all sign off on it, that would be great.

I know it is tough to all get together. We have tobacco, peanuts, sugar, honey, forestry, and all marketing orders in this subcommittee. It is virtually impossible to get everybody singing from the same hymnbook, but get as close as you can and let us know where the differences are.

Any other comments or thoughts from the panel before we adjourn?

Here comes Mr. Bishop, the Congressman of the watermelon capital of the world. [Laughter.]

I know you are trying to get some money, but we would be pleased to recognize you for any comments you would like to make.

Mr. BISHOP. Thank you very much, Mr. Chairman.

I apologize. I was before an Appropriations Subcommittee trying to get some money for a combined sewer overflow system. This was the day that they had to testify. The only way they could testify is if I was there.

I want to welcome all of you to Washington. I want to welcome you to this subcommittee because watermelons are very important to me. I am proud to represent the watermelon capital of the world. I know some might take issue with that, but we are very proud of our area and the fruit that we produce. We were very mindful of you when we had the honey hearings the other day because we understand what the honeybee does to help pollinate the watermelon crop so that you can have a very abundant crop.

I appreciate your coming. I am sure that the chairman has agreed to let you have everything you want, and I concur with that. [Laughter.]

With that, Mr. Chairman, I thank you for the opportunity.

Mr. ROSE. Thank you very much. You can go back to Georgia and tell everybody that Mr. Bishop is a very useful member of this subcommittee and we send him down to see the Secretary once a week to have coffee. [Laughter.]

Thank you all for being here. The subcommittee is adjourned.

[Whereupon, at 3:20 p.m., the subcommittee was adjourned, to reconvene, subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

Statement of Kenneth C. Clayton, Acting Assistant Secretary
Marketing and Inspection Services
United States Department of Agriculture
before the Subcommittee on Specialty Crops and Natural Resources
Committee on Agriculture
U.S. House of Representatives

May 6, 1993

Mr. Chairman and Members of the Committee:

We appreciate this opportunity to appear before your Committee to discuss H.R. 653, the proposed Watermelon Research and Promotion Act Amendments of 1993, and a needed technical amendment to the Lime Research, Promotion and Consumer Information Act. Accompanying me today is Charles Brader, Director of the Fruit and Vegetable Division of the Agricultural Marketing Service (AMS). Mr. Brader has responsibility for the administration and oversight of the watermelon and lime programs.

Mr. Chairman, the Department has long been supportive of industry self-help initiatives for the agricultural sector to improve its competitive position in the marketplace. Consequently, we have no objection to H.R. 653 with proposed amendments, and a technical amendment to the Lime Research, Promotion, and Consumer Information Act. However, we urge the Committee to take action to assure appropriate representation on the boards for importers.

A study, released by the Department's Economic Research Service in July 1989, indicates that 90 percent of all U.S. producers contribute money to farm commodity promotion and market development either through State or federally-legislated programs. These industry self-help initiatives collectively are

yielding in excess of \$530 million annually to help U.S. agricultural producers enhance their position in both domestic and foreign markets.

About 80 percent of the total funds generated for farm commodity research and promotion programs in this country are collected pursuant to federally-authorized legislation, with administration by commodity boards for national, State and regional programs.

**Legislative Guidelines for
Commodity Research and Promotion Programs**

While provisions of existing commodity research and promotion programs vary considerably from one industry to another, it remains the Department's position that when research, promotion, and education programs are enacted by Congress, the long-run interests of the industry and general public are best served when such legislation contains these features:

- national in scope representing the collective efforts of industry members nationwide;
- implemented through either an upfront referendum by a majority of qualified persons voting; or if implemented by delayed referendum, provision for refunds (either through direct monthly refunds or escrow) prior to issuance of the final order;
- opportunity for industry groups to reaffirm their support for these programs if requested by at least 10 percent of qualified persons;

- prompt refunds where applicable and confidentiality of refund information so as not to readily identify individual persons or firms;
 - appointment by the Secretary of board members from industry nominations;
 - for programs that assess imports, provision for equitable treatment of domestic and imported commodities, importer representation on the boards and in referenda, and compliance with international trade agreements;
 - prohibition on the use of assessment funds for false or misleading advertisement;
 - prohibition on the use of assessment funds to influence legislation or governmental policy or action, except in recommending to the Secretary amendments to the order;
 - direct enforcement authority by the Secretary, including the imposition of civil penalties and cease and desist authority;
 - full reimbursement to the Department from date of petition for an order for costs incurred in administering the program, including startup costs, salaries of Department personnel, the cost of conducting referenda, and legal costs.
 - authority for the Secretary to suspend or terminate a program which the Secretary determines does not carry out the policy of the authorizing statute.
- .

H.R. 653**Watermelon Research and Promotion Act Amendments of 1993**

The Watermelon Research and Promotion Act of 1985 became effective on January 1, 1986. The Watermelon Research and Promotion Plan was implemented in mid-1989, and assessments began on April 10, 1990.

Exhibit I of my testimony provides a summary of the Act's provisions, implementation, expenditures for fiscal years 1990-1993 and enforcement actions to date.

The watermelon industry has expressed concerns on several issues which are addressed by H.R. 653.

H.R. 653 would eliminate the current refund provision, provide authority for assessment of imports as well as importer representation on the board, and change the referendum approval requirements to a simple majority of the producers, handlers, and if covered by the Plan, importers voting. Additionally, the bill would cover all 50 states in the plan and permit changes in the assessment rate by informal rulemaking. These amendments are very similar to provisions which have been incorporated in other commodity research and promotion programs and the Department has no objection to their enactment.

When assessments under the Watermelon Plan began in 1990, refunds accounted for 9 percent of total assessments. In 1991, the level of refunds rose to 17 percent, and, in 1992, refunds went even higher--to 26 percent. If the refund provision is

eliminated, the National Watermelon Promotion Board (Board) would have substantially more money to conduct promotional efforts for watermelons. Moreover, the Board would be better able to predict the amount of money available for promotion in a given year. Because of the unpredictability of refunds associated with the current program, the watermelon board has had to maintain substantial amounts of assessment funds on hand to respond to "refunds on demand". This has, in effect, precluded the use of such funds for promotional efforts. Elimination of refunds would provide an additional \$250,000 to the Board.

On the question of imports, H.R. 653 provides for assessment of watermelon imports at a rate equal to assessments on domestic production. As previously noted, provision is also made for addition of an importer member to the Board. Importers would pay 4 cents per hundredweight which is the combined rate paid by domestic producers and handlers. Assessment of imports would increase total collections by about \$123,000 per year. These import assessments would be collected by the U.S. Customs Service. The vast majority of imports are from Mexico (90 percent), with smaller amounts from Honduras (4 percent), and even lesser amounts are imported from Panama, Costa Rica, and El Salvador (5 percent combined).

Imports of watermelons into the United States in 1992 totalled 307.8 million pounds, compared to shipments of U.S.-produced watermelons of about 2.0 billion pounds in 1992.

To facilitate the administration of the programs, the

Department also suggests two amendments to H.R. 653 to further modify the eligibility criteria for producer members on the Board, and to require that the referendum be conducted primarily by mail ballot, rather than solely at county extension offices as currently required in the Act. **Exhibit II of my testimony outlines the amendments and the rationale for such amendments.**

In addition, we note that there is no minimum volume exemption proposed for watermelon importers. Currently, domestic producers with less than 5 acres of watermelons are exempt from assessments. We believe that equal treatment of domestically produced and imported watermelons requires a minimum volume exemption for importers which is comparable to the exemption available to domestic producers. Similarly, we believe that importer representation on the Board should reflect assessments paid by importers. We would be pleased to work with Congress on these issues.

Estimated costs for implementing the provisions of H.R. 653, including costs associated with conduct of a referendum, would approach \$40,000 in Fiscal Year 1994 and \$11,000 in Fiscal Year 1995. These costs would be fully reimbursable to the Department as are the current costs associated with administration and oversight of the program, including legal costs.

Lime Research, Promotion and Consumer Information Act
Proposed Technical Amendment

Mr. Chairman, the Department would urge the Committee to consider a technical amendment to the Lime Research, Promotion and Consumer Information Act to change the scientific name currently in the Act from Citrus aurantifolia to Citrus latifolia.

The Lime Research, Promotion, and Consumer Information Act was enacted as part of the Food, Agriculture, Conservation, and Trade Act of 1990, and the Order implementing the program became effective on January 27, 1992.

At the Lime Board's first meeting in October 1992, it was determined that the scientific name for limes which appears in the Act and the Order refers only to small, seeded (Key) limes--not to the larger, seedless limes known as Persian, Tahiti, or Bearss limes which the industry intended to be covered by the program. Therefore, the Board voted to delay implementation of the program until a technical amendment is made to change the scientific name in the Act.

With the Department's concurrence, the Board at last fall's October meeting recommended an initial assessment rate and budget, developed by-laws, and made other operational decisions which can be implemented, with the approval of the Secretary, after Congress amends the Act and the Secretary subsequently amends the Order accordingly.

In 1991, U.S. production of fresh market limes was

approximately 93.8 million pounds, and imports totalled approximately 174.0 million pounds. In 1992, domestic fresh market production decreased to approximately 77.4 million pounds, and imports increased to approximately 216.5 million pounds. U.S. fresh market production in 1993 is forecast at 73 million pounds but could be as low as 25 million pounds, primarily due to damage to the orchards in Florida by Hurricane Andrew in August 1992. U.S. production is not expected to reach pre-Hurricane Andrew levels for possibly two to three years because a majority of the U.S. production of limes is in Florida. The preponderance of imports--some 99 percent--is from Mexico. There are an estimated 325 domestic producers and producer-handlers and 25 importers.

Lime importers in Texas have expressed the view that they are under-represented on the Board. Three of the current "authorized" Board members are importers, while assessments on imports could represent some 60 to 90 percent (depending on how quickly the Florida lime industry rebounds from Hurricane Andrew) of the Board's total assessment income. However, even at pre-Hurricane Andrew production levels, over 60 percent of the assessment income would have been from imports. We believe that any proposal should assure that importer representation on the Board reflects the assessments paid by importers. We would be pleased to work with the Congress on this matter of importer representation.

Conclusion

Mr. Chairman, my testimony has addressed amendments for the watermelon and lime research and promotion programs. As I stated at the outset, we believe the proposals under consideration conform to the Department's legislative guidelines and will enable the respective industries to improve their competitive position in the marketplace. We urge your consideration of those amendments suggested herein which will help clarify certain amendments and facilitate administration of the programs. With respect to those programs that assess imports, we believe it is prudent that we ensure equitable treatment to imports, as well as provide an appropriate level of board representation.

Like all commodity research and promotion programs, the Department will continue its active oversight role to ensure that the programs are carried out in accordance with the authorizing statutes and the Order. Annual budgets and workplans of the respective boards are approved by the Secretary, and Department staff regularly attend meetings of the boards. This ongoing and active oversight helps assure that industry-generated funds are expended for the purposes intended.

Mr. Chairman, this concludes my statement. We will be glad to respond to any questions the Committee may have.

Attachments:
Exhibits I and II

(Attachments follow:)

EXHIBIT I

WATERMELON RESEARCH AND PROMOTION PLAN

AUTHORIZING STATUTE: Watermelon Research and Promotion Act of 1985 [7 U.S.C. 4901-4916] (Act) which became effective on January 1, 1986.

SUMMARY OF PROVISIONS: The Watermelon Research and Promotion Plan was established by the Act to strengthen the watermelon's competitive position in the marketplace and to establish, maintain, and expand domestic and foreign markets for U.S. watermelons.

The Plan is administered by the 29-member National Watermelon Promotion Board (Board) which consists of 14 producers, 14 handlers, and a public member, all appointed by the Secretary. Board members serve staggered 3-year terms. The producer members are nominated by producers and the handler members by handlers, voting in district conventions. The public member is nominated by the Board. For the purpose of nominations, the production area is divided into seven districts of approximately equal 2production. The Plan provides that the districts be realigned periodically to reflect shifts in watermelon production. Each district is represented by two handlers and two producers on the Board. There are no alternate members.

The program is financed by a mandatory 2 cents per hundredweight assessment paid by producers and handlers on watermelons produced and handled for consumption as human food. Approximately 5,000 producers and 750 handlers are subject to assessments. Producers with less than 5 acres of watermelons are exempted from assessments. The Plan covers the 48 contiguous States of the United States.

Producers and handlers not wishing to support the program may obtain an assessment refund upon written request. Funds retained are used for research, development, advertising, promotion, and other expenses as authorized by the Secretary.

The Act required the Secretary to conduct a referendum among all watermelon producers and handlers to determine whether the issuance of the Plan was favored. Subsequent referenda may be conducted by the Secretary at any time or at the request of the Board or at least 10 percent of the producers and handlers covered by the program. A referendum is also required to determine if the industry favors amendment of the Plan.

Net revenues generated during the Board's 1991 fiscal year totalled about \$755,000. These funds are used for a variety of promotion and education activities. Refunds are projected at \$250,000 during the 1993 fiscal year. The Board's budget as well as all marketing plans must be approved by the Secretary.

The Act authorizes the Secretary to take enforcement action against a person who violates the provisions of the Plan. Furthermore, the Secretary may assess a civil

penalty of not less than \$500 or more than \$5,000 for each violation. The Secretary may conduct such investigations as are necessary to effectively enforce the Plan.

The Agricultural Marketing Service (AMS) prepares nomination dockets, reviews and approves the Board's budgets and marketing plans, attends Board meetings, conducts informal rulemaking, and conducts referenda. The Board reimburses AMS for the cost of program oversight. In addition, in 1993, the Board began paying a fee to cover pertinent costs of the Department's Office of General Counsel.

IMPLEMENTATION: The Watermelon Research and Promotion Plan (Plan) authorized under the Act was implemented on June 8, 1989, following a referendum in February 1989. Collection of assessments began on April 10, 1990. Implementation was through formal rulemaking, which included a public hearing, notice and comment procedures, and a referendum. The referendum was conducted from February 6-21, 1989, at Extension Service county offices throughout the country. Votes were counted by AMS. In order to pass, the Plan had to be favored by not less than two-thirds of the producers and handlers voting in the referendum, or by producers and handlers of not less than two-thirds of the watermelons produced and handled during the representative period by producers and handlers voting in the referendum, and by not less than a majority of the producers and a majority of handlers voting in the referendum.

The referendum results revealed that a majority of producers (52.25 percent) and a majority of handlers (55.56 percent) accounting for 73.45 percent of the total volume voted in the referendum favored issuance of the Plan. Thus, the Plan met the statutory criteria for industry approval. Producers who voted in the referendum accounted for approximately 34 percent of the total volume of watermelons shipped in the United States in 1988. Whereas handlers who voted in the referendum, accounted for approximately 75 percent of the total volume of watermelons shipped in the United States in 1988.

BOARD

BUDGET:	<u>FY1990</u>	<u>FY1991</u>	<u>FY1992*</u>	<u>FY1993**</u>
Total Assessments	\$868,572	\$904,716	\$952,367	\$860,000
Refunds	76,070	150,161	255,901	250,000
Net Assessments	792,502	754,555	696,466	610,000
Other Funds	6,583	16,122	16,287	7,500
Total Funds Available	799,085	770,677	726,897	657,500
Expenses:				
Promotion	155,544	289,869	107,904	145,355
Research	--	--	--	--
Compliance	51,561	83,842	70,509	92,478
Administration	154,783	307,831	326,603	300,063
AMS User Fee	52,374	71,500	89,043	85,912
OGC User Fee	--	--	--	6,000

* The 1992 fiscal year covered a 14-month period (unaudited).

** The 1993 figures are estimates.

ENFORCEMENT ACTIONS: The majority of noncompliance cases are resolved by Board staff or AMS. Of the three compliance cases recommended for enforcement action by the Board staff, one individual filed for bankruptcy, an administrative action was filed in the second case on April 1, 1993, and the remaining case is pending.

PRODUCTION AND IMPORTS: U.S. production of watermelons is estimated through the use of U.S. shipment statistics. Shipments of U.S.-produced watermelons totaled about 2.0 billion pounds in 1992, 6 percent less than in 1991. Imports of watermelons in 1992 totalled 307.8 million pounds, a decrease of 3.5 percent. Therefore, domestic production is about seven times as great as the volume of imports.

A majority of the imports are from Mexico (90 percent) and Honduras (4 percent). Lesser amounts are imported from Panama, Costa Rica, and El Salvador (5 percent combined).

EXHIBIT II

SUGGESTED AMENDMENTS TO
WATERMELON RESEARCH AND PROMOTION IMPROVEMENT ACT OF 1993
H.R. 653

(1) Section 4(3), page 3, line 20: add a new sentence to read:

"If the combined total volume of watermelons handled by a producer from the producer's own production and purchases from other producers' production is more than 50 percent of the producer's own production, the producer shall be eligible to serve on the Board only as a representative of handlers and not as a representative of producers."

Comment:

The Department agrees that it would be appropriate to allow producers who handle a small volume of other producers' watermelons to serve as producer members on the National Watermelon Promotion Board (Board). However, the Department recommends that this provision of H.R. 653 be modified to add a sentence stating that this amount combined with the handling of the producer's own production does not exceed 50 percent. This addition would ensure that producer-handlers who represent producers on the Board are primarily producers.

(2) Section 8(i), page 9, lines 24 and 25: delete the word "and" on line 24, between lines 24 and 25 add: "(2) by deleting the second sentence; and" on line 25 delete "(2) in the fourth sentence" and insert "(3) in the third sentence".

Section 8(j), page 10, lines 21 and 22: between lines 21 and 22 add: "(3) by deleting the third sentence.

Comment:

In its experience in conducting referenda, the Department has found that more individuals are likely to be aware of the referendum and are more likely to vote if ballots are mailed to the voter's residence or place of business and if they can cast their ballots by mail. Industry support is critical if a national research and promotion program is to be successful, and a referendum conducted at county offices may not be comprehensive enough to determine the level of industry support for the proposed amendments. Further, county offices are not likely to be convenient to importers. Therefore, the Department recommends conducting all future referenda on the watermelon research and promotion program by mail ballot. Under mail balloting procedures, ballots are also available at county offices.

**Statement of Bruce Price, Chairman of the Executive Committee
National Watermelon Association
In Support of The Watermelon Research and Improvement Act of 1993**

**Before the Subcommittee on Specialty Crops and Natural Resources
House Committee on Agriculture**

May 6, 1993

My name is Bruce Price and I reside in Hinton, Oklahoma, where I have farming interests as a watermelon producer and further business interests as a major shareholder and board member of a company that produces and sells seed for seedless watermelons. Additionally I represent the voters in Oklahoma's 23rd District as their State Senator. My family has been engaged in watermelon production since 1938 and I have been an active producer for about 20 years.

Having served in all officer positions of the National Watermelon Association over the past seven years, I have been able to observe and communicate frequently with the elements of our industry. It is my opinion that producers, handlers, shippers, importers and affiliated support groups are highly supportive of our National Watermelon Promotion Board (NWPB) and its programs. It is doing well on a small budget but there are a few shortcomings built into our order that, if corrected or improved, could make a tremendous difference in the funding available for increasing watermelon consumption. This is the purpose of our visit with you today.

I believe strongly in the self-help concept of industry-financed research and promotion programs. It's true that many of us are competing for the same square millimeters of space in the stomachs of consumers, but they are the better for it and so are the producers, handlers and shippers who provide such a vast, superior degree of food and fiber. We in American agriculture provide consumers with the most abundant, the broadest selection, the highest quality, and the safest food supply on earth, and at a remarkably low percentage of their disposable income.

American agriculture has had to learn how to compete not only on the farm but in the marketplace, especially in the produce arena where supermarket produce sections are now teeming with variety. In the 1950's, per capita watermelon consumption was nearly twice the 13 to 14 pounds of today. This decline in consumption was not due to the quality of our product but because the food shopper was offered a progressively wider array of produce treats and subjected to attractive merchandising on radio, TV, the print media and in other mass communications. Watermelons are as much a part of Americana as anything that symbolically comes to mind. Indeed they have been long regarded as "Nature's Perfect Treat," colorful and coming in many sizes, low in calories, high in Vitamin A & C with carbohydrates and elements that promote a healthful diet. But we must promote them to a promotion-susceptible society.

This "compete or retreat" reality motivated me to serve with people like Buddy Leger, who is here to testify today, on a committee of the National Watermelon Association to promulgate language and win industry support for the National Watermelon Research & Promotion Act that the House Agriculture Committee so ably helped us enact in 1985.

Page 2
Bruce Price Testimony

Again we are asking the Committee's help, through this important Subcommittee, to make several improvements in our original legislation that will enable the industry to make faster progress in improving the consumption of watermelons. All of the improvements that we seek would be subject to approval in an industry referendum.

The major amendments to our program if approved in a referendum would be similar to those already adopted by nearly all of the major research and promotion commodity groups—the assessment of imports and the revocation of refunds. Importers of watermelons into the U.S. would be assessed at the same rate that producers and handlers pay to the NWPB. Importers would be granted representation on the Board. Producers, handlers, and importers would not be entitled to receive refunds of their assessments.

Also, we are seeking an amendment that other commodity groups and new research and promotion acts are instituting—a change to a majority vote in referendum procedures. Additionally, in fixing or changing the rate of assessment, we wish to rely on the Secretary of Agriculture's judgement using the Notice and Comment procedures which would save our small industry the considerable expense and time involved in formal rulemaking. Other amendments involve the clarification of definitional differences between producers and handlers; the extension of the act to include all states of the U.S. and the District of Columbia; and for the amendments voted on in a referendum to be subject to separate line item voting.

At its annual meetings in 1992 and 1993, the membership body of the National Watermelon Association voted in support of these amendments by a wide majority.

When the Watermelon Promotion Plan was implemented in 1989 our industry was not unlike other commodity groups that have had to overcome regional differences that are endemic to commodity groups engaged in the competitive marketplace. Now in its fourth year of operation, it's gratifying to see many of those differences falling farther down the priority scale. I believe our industry is united as never before and positioned to make much faster progress in strengthening the watermelon's competitive position, given the additional self-help resources as embraced in the amendments being sought.

As will be pointed out in additional testimony here today, our industry's research and promotion program is not without its critics, as any commodity group would have to admit. Numerically the proponents of the program far outnumber the opposition. It is unfortunate that some of the larger producers and handlers have not seen fit to support the program. I am aware of several who go to great lengths to condemn the program saying that producers cannot afford the assessment and need the refunds to pay for production costs. Of course we all do. But little do these critics appreciate that the totality of the industry program is directed to improving the competitive position of U.S. watermelons and expanding our markets here and abroad, and there is no one to promote our product but ourselves.

Page 3
Bruce Price Statement

Of the nearly 7,000 watermelon producers and handlers in the U.S. who are assessed for research and promotion, fewer than 100 requested refunds in 1992. The lion's share of refunds, about 80 percent of the approximately \$200,000 requested for return, was done so by only 31 persons.

Our program's gross assessments are quite small compared to most other orders, approximating \$850,000 to \$950,000 annually. The refund proviso of our order forces the NWPB to set aside sufficient resources to cover any and all refund requests. This impoundment must extend well into the calendar year to correspond with the progression of the watermelon seasons across the country and the lapsing of the refund period.

Given the approval of the proposed amendments in a referendum, the NWPB's budget can be increased by approximately 55 percent above the projected financial figures for the 1993 crop — estimated at \$860,000 in total assessments, less approximately \$250,000 in refunds, for net gross income of \$610,000, and the addition of about \$84,000 annually in assessments of imported watermelons. It would seem to me that certain administrative savings could be effected also with revocation of refunds, such as the manhours of the field staff that are devoted to compliance and the considerable administrative detail required for the refund process.

Mr. Chairman, we are grateful to you and your associates on this Committee for providing an opportunity to relate our support of the Watermelon Research and Improvement Act of 1993, H.R. 653.

Statement By Nancy Childers
Executive Secretary-Treasurer of the National Watermelon Association
Supporting H.R. 653
Amending The National Watermelon Research & Promotion Act

Before the Subcommittee on Specialty Crops and Natural Resources
House Committee on Agriculture

May 6, 1993

My name is Nancy Childers and I reside in Morven, Georgia, where I am the Executive Secretary and Treasurer of the National Watermelon Association. Our Association was organized 79 years ago in 1914 and has members in 30 states and Canada, with chapters in the major watermelon-producing regions of Alabama, California-Arizona, Florida, Georgia, Indiana, Maryland-Delaware, Mississippi, Missouri, North Carolina, South Carolina, and Texas-Oklahoma.

Until the National Watermelon Promotion Board was established a few years ago, the Association had a diversified mission of promoting the interests of the industry from production to consumption. It was instrumental in the enactment of the National Watermelon Research & Promotion Act and transferred nearly all of its promotional activities to the Board. The Association retained its popular National Watermelon Queen Tour and Watermelon Feast Day on Capitol Hill.

We provide leadership in areas where the Board cannot legally engage, such as legislative affairs and government relations. The Association is now becoming more active in public and governmental affairs while looking after such important areas as plant health, food safety and environmental issues, grading and standards, transportation, distribution, and trade.

National Watermelon Association Supports The Amendments

The delegate body of the Association has twice voted in support of the amendments we are seeking for the National Watermelon Research & Promotion Act. In 1991 at our annual convention in Scottsdale, Arizona, the amendments were initially approved. Following that meeting, a request was made to the Association Board of Directors to resubmit the proposals to the membership at its 1992 convention in Orange Beach, Alabama. The proposals were again approved by a substantial majority.

1993 Marketing Program Of The National Watermelon Promotion Board

The industry is excited about the greater visibility watermelons are receiving as a result of the Promotion Board's programs. Each year the program has become more aggressive and has targeted additional echelons of the very broad communications

Page 2
Nancy Childers Statement

chain for coverage. The 1993 marketing program is the most energetic yet, focusing on Consumers, Retail, Foodservice and Trade.

In the Consumer category there will be: recipe releases with color photography will go to over 500 newspapers nationwide; news releases are supplying county home economists with information to use in contacting consumers in local media; the Board is becoming a sponsor for the 5-A-Day for Better Health program that large organizations like the Produce Marketing Association and the United Fresh Fruit and Vegetable Association are spearheading; participation in the International Food Editors Conference showcasing watermelon to food editors of consumer magazines and large daily newspapers; development of a program for featuring watermelons on cable television that will feature recipes and new uses.

In the Retail category: Eye-catching posters and price cards will attract consumer attention in the produce department; other merchandising posters will be developed to teach produce workers the proper handling techniques for watermelons and provide material for answering consumer questions; staff of the Board will schedule merchandising visits to the top 20 retail chains and several top wholesales to involve them in the retail program; and there will be instore sampling with the top 20 retail chains, a highly popular program in 1992.

The Foodservice category feature for the third year a promotion with one of the largest custom contract feeders in the country that will showcase watermelon in 867 units where sales percentages of watermelon have steadily increased with each promotion.

As for the Trade area, the Board will continue to provide news releases to trade and grower publications and publish its newsletter The Melon Report, and provide editorial material for foodservice publications. Also, a video is being developed to document the accomplishments of the Board in 1992. Further, the Board will be represented at the major food service conventions of the country where it will provide watermelon, recipes and additional marketing material to attendees.

Additional Programs Afforded By Recapturing Refunds, Assessing Imports

Provided the amendments being asked for are enacted by legislation and subsequently passed in an industry referendum, the additional income available to the Board through the recapturing of refunds and assessment of watermelon imports would be a big boost to the current program. I am informed by the Board that the following plans could be instituted with the additional revenue:

Research — conduct market research to determine the potential for alternative uses for watermelon and its products; research the supply side to determine size of crop,

Page 3

Nancy Childers Statement

varieties used, harvest times, shipping methods, and destinations; research the receiving side to determine handling techniques, varieties used, shipping origins and marketing methods; research to determine what true health effects and cures watermelons offer consumers; determine the export potential of watermelons.

Marketing — encourage additional movement of watermelons through foodservice and retail arenas, including sporting events, schools and health institutions; implement a training program to educate foodservice and retail personnel on how to effectively handle and store watermelons; implement a 12-month foodservice and retail marketing plan; develop more dimensional campaigns to educate consumers on benefits of watermelons, broaden coverage on cable television, national radio and in cookbooks; make a more concentrated effort to develop a clear and simple message consumers can understand about watermelons; implement a 12-month consumer marketing plan.

Compliance — develop a stronger, more effective compliance program to ensure more uniform compliance that would include spot audits and have a collection project at every fresh market.

Strategic Planning — Look more diligently into 2000+ to estimate the position of the watermelon industry.

The watermelon industry has had a taste of what it's like to see its product promoted to the public and, in my opinion, very much wants to see this effort continued and expanded.

STATEMENT BY C.M. "BUDDY" LEGER
WATERMELON PRODUCER AND HANDLER
IN SUPPORT OF H.R. 653

TO AMEND THE WATERMELON RESEARCH & PROMOTION ACT

BEFORE THE SUBCOMMITTEE ON SPECIALTY CROPS AND NATURAL RESOURCES
HOUSE COMMITTEE ON AGRICULTURE
MAY 6, 1993

My name is Buddy Leger and I am a resident of Cordele, Georgia, where my headquarters is located. I have been in the watermelon business for 30 years, producing and handling approximately 25 million pounds of watermelons annually in Florida and Georgia. In addition, I have a pecan operation consisting of farming 1400 acres of pecan trees and a pecan shelling and processing operation located in Cordele.

For many years I have been active in the National Watermelon Association and have served in various officer capacities including being its President and Chairman of the Executive Committee. Also, I am a Past President of the Georgia Watermelon Producers Association and have served in various pecan industry associations, such as the National Pecan Marketing Council that raised volunteer funds for research and promotion before the industry had the Pecan Research and Promotion Act that is now becoming operational. I also serve on the Georgia Agricultural Experiment Station Research Advisory Board.

In my opinion industry-funded programs are the best way that producers, handlers and others can enter into the mainstream of the highly competitive market place and create a greater demand for their product with the aid of promotional programs. These industry funded and controlled promotion programs operate at no cost to taxpayers or government, and I believe we need more of these programs. I strongly support both the watermelon and pecan checkoff programs, and if I produced other commodities with no research and promotion programs supporting them, then I would be working to create some. There is no one to support our products in the market place except the producers and others in the industry whose livelihood depend on a particular commodity, and I believe it is our responsibility to support these self-help research and promotion programs.

Food Promotion Fiercely Competitive

The business of food promotion is fiercely competitive and big dollars are at work in trying to persuade consumers to purchase a multitude of products. Nearly \$20 billion a year is spent on food advertising in this country. Our watermelon industry is engaged in this massive competitive swim with a budget of barely more than \$600,000 on a net basis after impoundments are made for anticipated refunds. Although the National Watermelon Promotion Board has done remarkably well with these small funds, the

-2-

improvements that we are asking to be made to our order will have a major impact on the future course of the program.

It was my pleasure to work with Mr. Bruce Price, who is at this hearing today, some 10 years ago on a committee of the National Watermelon Association that encouraged support for a national checkoff program so the industry could have the means to promote its product and enhance consumer awareness of watermelons. We were witnessing a gradual decline in the per capita consumption of watermelons--a drop of about 7 pounds per person in the 20 years between 1960 and 1980. During that period we were seeing an increase in the consumption of fruits and vegetables. We knew that our product had not lost any of its natural attributes and appeal as one of the most wholesome foods anyone could eat. However, our product was joined in the produce sections by many new ones and shoppers had broader choices in home menu planning. We saw a new set of dynamics in food marketing, offering a diversity of product, some of which had builtin maid service, and more emphasis on concepts that were consumer driven. No longer was it enough merely to transfer a product from the producer to a handler or shipper and a retailer. Marketing meant some substantive salesmanship had to be done at the consumer end.

Hope Expressed For Rapid Consideration Of Proposals

The administrative process for instituting a research and promotion order is a formative challenge to any commodity group. In the case of watermelons we sought what we felt was a fairly straightforward, simplistic order. Our work on the order commenced in 1983. While we were fortunate in gaining passage of enabling legislation in 1985, it took nearly five more years of the administrative process before the National Watermelon Promotion Board became operational. Our first operating year was 1990.

We sought legislation to amend our act last year but it was not considered in light of many other priorities that the Congress had to deal including the fact it was a Presidential election year. We are very hopeful that H.R. 653 can be enacted as soon as possible, and that the USDA can move it on a priority basis, so we can take the proposals to the industry in a referendum. The longer the delay the longer it will take to make up lost ground in the tremendously competitive battle ground of consumer awareness.

Current Order Has Added Solidarity To Watermelon Industry

It was my honor to serve as the first President of the National Watermelon Promotion Board in 1990 and 1991. I agreed to do so in the interest of trying to unite several regional factions in the industry whose differences had to be harmonized if our program

-3-

were to succeed. The order has definitely helped close the ranks and there is a solidarity among the various geographic regions and segments of the industry that we have not had before.

We have made considerable progress in a few years of operation. If you could personally inspect the whole program I think you would be impressed that such a broad-based program and able staff could be assembled on a comparatively small budget. The Board is limited in the amount of advertising it can do because of the great expense in that kind of promotion. It is squeezing the dollars and putting them to work in many other ways ... with promotions to food editors that reap coverage in newspapers and magazines throughout the U.S., a steady stream of new recipes, supplying county home economists with promotions, joining in the sponsoring of the highly promising Five-A-Day produce campaigns underway throughout the produce industry, appearing on television food programs with watermelon recipes, providing Point-of-Purchase material, price cards and merchandising posters for retailers, holding instore demonstrations with many of the top retail chains, exhibitions at the major food shows in the U.S., conducting Watermelon Festivals in populous areas with major media markets, teaming up with large contract feeders like Morrison's Custom Management for special watermelon promotions, and a lot more.

Value Of Assessing Imports, Curtailing Refunds

If we are able to improve our order with the amendments contained in H.R. 653, the annual financial resources of the Board will be increased by better than 50 percent. That's how much the revocation of refunds and assessment of imports mean to the program.

In 1992, the third operating year of the program, approximately 100 persons asked for refunds totaling \$250,000. Approximately \$200,000 of the refunds, or 80 percent, was controlled by 31 persons. The nearly 7,000 other participants did not ask for a refund.

As for the assessment of imports, it's my belief that importers won't mind paying their fair share toward research and promotion. Based on figures from the Foreign Agriculture Service of the USDA, 1992 watermelon imports into the U.S. amounted to 95,899 metric tons. This would equate to approximately 2,110,000 hundredweight. Based on the equivalent assessment of domestic producers and handlers, this would add about \$84,000 to the NWPB funding.

With the progress that has been made on a limited budget to date, I feel you will be seeing and hearing more about watermelons than ever before.

**Testimony Of Fred Kendel, Director Of Marketing Operations
Sun World International
Coachella Valley, California**

In Support Of Amendments To The National Watermelon Research & Promotion Act

**Before The Subcommittee On Specialty Crops & Natural Resources
House Committee On Agriculture**

May 6, 1993

My name is Fred Kendel and I reside in the Coachella Valley of California where I am Director of Marketing Operations and responsible for all imported commodities for Sun World International, a worldwide marketer of nearly 80 fresh fruits and vegetables. The company markets produce to all 50 states and to 30 foreign countries.

Sun World is the largest U.S. producer and marketer of seedless watermelon; the largest U.S. grower of specialty colored sweet peppers; the largest U.S. grower and marketer of table grapes; the largest U.S. marketer of tangerines, mandarins and one of the largest independent marketers of oranges, grapefruit and lemons. It is also a major international marketer of fresh California dates and date products.

In 1988, Sun World introduced its seedless watermelon and today ships more than 100-million pounds of this special variety throughout the U.S. and Canada. These melons are produced by growers in 10 U.S. states as well as Honduras and Mexico. Imported production totals about 15 percent of Sun World's shipments and contributes importantly to the company's efforts to provide seedless watermelon to U.S. markets year around.

Sun World spends many millions of dollars each year in brand promotions of its unique produce varieties. Brand building activities in produce departments has become very aggressive. More than \$35 billion of fruit and vegetables were sold in U.S. supermarkets last year, about one-third of which were branded. The company also strongly supports generic promotion efforts spearheaded by commodity checkoff programs such as the National Watermelon Promotion Board.

As pointed out by Sun World's cofounder and Chairman, Howard P. Marguleas, each year our company also contributes many hundreds of thousands of dollars to state and federal commodity boards supporting generic promotions. Of the company's diversified produce line, about a dozen are included in orders involving promotional endeavors. It's Mr. Marguleas' belief that the country's \$50 billion produce industry would never have reached its present heights without the collective promotional power of the 350 state and federal marketing orders. As he has commented:

"Throughout the 20th century U.S. commodity boards have enabled farmers to profitably and professionally produce and distribute the world's finest fruits and vegetables. They have managed to smooth out major supply and demand inequities, and they have effectively



Page 2
Fred Kendel

educated food professionals and consumers about the nutritional qualities and assorted uses for dozens of produce items. Just as important, amid fierce competition for the consumer's food dollar at home and abroad, commodity boards have successfully and efficiently enhanced fruit and vegetable values."

I can assure you it is our company policy to proactively and positively support these generic commodity boards, such as exists for watermelons, along with our own independent branded marketing activities that together contribute so well to strong consumer awareness.

As an importer of watermelons, we strongly support the inclusion of watermelon imports for assessments to support the National Watermelon Promotion Board programs. Although equivalent to 10 percent or less of U.S. production, imports of watermelon into this country could increase to a more sizeable proportion especially if such trading pacts as the North American Free Trade Agreement become a reality. It is only proper and fitting that imports be assessed their fair share for generic promotion activities, the same as U.S. producers and handlers pay, since importers also benefit from enhanced consumer awareness in produce markets.

Just as private firms find in the business of food marketing, promotion is an effort that requires activity on an increasing scale. Commodity boards must continue to increase their budget where possible and employ more substantial marketing programs to keep driving produce sales. With the passage of H.R. 653, and with subsequent approval in an industry referendum, the National Watermelon Promotion Board will have a major boost in its funding with the addition of import assessments and through the termination of refunds. Coupled with the produce industry's promising Five-A-Day program and the branded advertising of private firms, the generic commodity board activities such as supported by the U.S. watermelon industry spell good news for the fresh food industry.



MARKETING IN REVIEW 1992

Test Demonstrations and Sampling: The most aggressive and responsive 1992 marketing program was the 404 in-store demonstrations held in June, July and August. Twelve major chain stores in the following markets participated in the first ever watermelon sampling: Atlanta, Birmingham, Boston, Chicago, Dallas, Greenville, Indianapolis, Los Angeles, Miami, New York, Orlando, Oklahoma City, Raleigh, San Francisco, St. Louis, and Seattle. POP material and new consumer recipes were supplied to each demo. The response was excellent, retailers have documented these events moved watermelon!

POP Material: Approximately 40,000 point of purchase posters and 40,000 price cards were ordered by the industry. Consumers in stores that used the material saw a colorful smiling watermelon face and the caption "Smile. It's Time For Watermelon!" Each price card included nutritional information designed to meet the new produce labeling guidelines.

Magazine Coverage: The Board was instrumental in placing watermelon in the following national consumer magazines this season:

Family Circle	5,431,779 readers
Southern Living	2,275,000 readers
Good Housekeeping	5,152,521 readers
Modern Bride	281,346 readers
Sunset Magazine	1,445,182 readers
Ladies Home Journal	5,224,718 readers
Better Homes & Gardens	8,143,983 readers
Cooking Light	924,499 readers

Articles included, photographs, recipes and information on watermelon, history, varieties, selection and handling tips.

Watermelon also received coverage in the following foodservice publications:

Fancy Food	27,000 readers
Cooking for Profit	20,158 readers

Newspaper Coverage: The Board was successful in placing watermelon in over 187 consumer newspapers this season, including The Chicago Herald, The New York Daily News, The Boston Globe, Tampa Tribune, San Antonio Light, Columbian, Tribune, Observer, The Tennessean, The Gazette. Each newspaper used information from the brochure, "Citrullus Lanatus" to use in their story or photographs and recipes developed by the Board to provide new ways for consumers to use watermelon.

Trade Relations: Articles featuring watermelon, photographs and the NWPB marketing activities were featured throughout the season in trade publications such as, The Packer, Produce Business, Produce Merchandising, Produce News and various grower publications. Total reader circulation throughout the season was 400,000 industry members.

Trade Conventions: The Board sponsored the "Watermelon Cafe" at the United Fresh Fruit & Vegetable Association Convention and had a booth exhibit at the Produce Marketing Association Convention. At each convention the new recipe, "Watermelon Fire & Ice Salsa" was served with overwhelming response, along with slices of fresh, chilled watermelon. Recipes, brochures and DSR fact sheets were distributed while making contacts with many decision makers in the produce industry.

Morrison's Custom Management: A 30-day promotion was held in June with Morrison's Custom Management, the fifth largest contract feeder in the country. Their 867 units include health care, colleges, universities and businesses. The promotion included large and small posters, serving line cards, badges, watermelon recipes, T-shirts and hats. MCM recorded sales increase of watermelon on an average of 12.5% of the participating locations. One unit reported a 50% increase in watermelon served.

National Restaurant Association Convention: The Board attended and exhibited at NRA, which is the second largest trade show in Chicago. Recipe cards and DSR fact sheets were distributed to restaurant owners, chefs, menu planners, caterers and dieticians who are all interested in new information to utilize watermelon. Approximately 150,000 to 200,000 attend this convention. A contact made at NRA, resulted in a large restaurant including watermelon on the menu for a promotion in the month of August.

Industry Video: "A Smart Investment" video was developed to document the marketing accomplishments made throughout the season, to let the industry know how their dollars were being invested. The tape was available to anyone wanting to utilize it at a meeting or for personal viewing.

ADDITIONAL MEDIA COVERAGE AND MARKETING ACTIVITIES:

"Cookin' U.S.A.", a cable network television program, produced a segment on watermelon, which included variety information, selection and handling tips and William Watson, Executive Director of the NWPB, prepared two recipes for consumers to use in their own homes. The show aired in June and again in September to a viewing audience of 53 million people.

"The Home Show", Tracy Mazur, producer of "The Home Show" called the NWPB for information on handling and buying watermelon as well as recipes and picnic ideas for a mid-July program. Millions of consumers tune in to view this show.

"The Watermelon Flash", The Flash was designed as a one page quick fact guide for watermelon. It was sent by fax to produce buyers at the top 50 retailers, (150 warehouses) nationwide.

"Omaha School Promotion", The foodservice director at the Omaha Public School system representing 76 schools, combined efforts with the NWPB and Demma Fruit Company of Omaha to promote watermelon in the schools. 42,000 students were served watermelon in this promotion that was such a success a second promotion is planned.

"Watermelon and Baseball", Watermelon was placed on the menu at Tinker Field, home of the Minnesota Twin's AA minor league club, the Orlando Sunrays. What a perfect combination!

"First Annual Watermelon Festival", The NWPB provided promotional material and staff personnel to assist with "The Great American Bazaar's" First Annual Watermelon Festival. Watermelon received media exposure both on television and newspaper. This successful event is to become an annual event and continue to grow.

1993 NWPB MARKETING PROGRAMS

FOR CONSUMERS:

RECIPE RELEASE TO FOOD EDITORS:

Place recipe releases, with color photography in 300 of the daily newspapers in production areas and 250 newspapers nationwide, with a circulation of 50,000 or more. Each recipe will show consumers another way to use your product - watermelon.

NEWS RELEASE TO COUNTY HOME ECONOMISTS:

A news release will be developed that county home economists throughout the country can use as they contact consumers through their local media. It will contain information pointing out the benefits of watermelon, such as the nutritional value, the affordability and encouraging food safety tips. The packet will also offer recipes. This is another way to educate consumers of the positive benefits of watermelon.

S-A-DAY SPONSORSHIP:

The Board will become a sponsor for the S-A-Day for Better Health program. This will allow watermelons to become a part of a clear and positive message about produce through the Produce for Better Health Foundation and the National Cancer Institute's consumer education efforts.

IFEC-INTERNATIONAL FOOD EDITORS CONFERENCE:

The Board will attend the International Food Editor's Conference in the fall, showcasing watermelon to food editors of consumer magazines and large daily newspapers. This is an excellent opportunity for watermelon to be exposed to food editors of consumer magazines, newspapers and trade magazines, and will continue to insure coverage of watermelon in media publications as highlighted in the 1992 review on the reverse page. Features in consumer magazines are planned a minimum of six months in advance, therefore the contacts made at the 1993 IFEC will assist in placement of watermelon in publications in 1994.

INFOMERCIAL:

Develop a program to have watermelon presented on cable television. The information to be covered will include nutritional information, recipes, storage tips, handling tips, buying tips and food safety tips. All of which will assist the consumer when making produce decisions. Educating consumers about watermelon and giving them new recipes to use watermelon will increase consumer awareness.

FOR RETAIL:

POP MATERIAL:

The poster and price card will be available by order again this year. This colorful poster and price card is an "eye-catcher" in any retail outlet and will attract consumers attention in the produce department.

MERCHANDISING POSTERS:

A poster will be developed for use in the back room of the supermarket to teach the produce manager and his/her staff the proper handling techniques of watermelon, as well as, answer consumer questions about watermelon. An educated produce staff will be able to help consumers with their purchase of watermelon.

RETAIL MERCHANDISING CALLS:

Schedule merchandising visits to the top 20 retail chains and the top three wholesalers to involve them in the retail program, such as distributing POP material, signing the chains up for in-store demos and delivering the merchandising poster.

TEST DEMONSTRATION AND SAMPLING:

Conduct in-store demonstrations with the top 20 retail chains. Each demonstration will be held on a weekend, not Labor Day, Memorial Day or July 4th. Samples of fresh watermelon will be distributed and a professional will be there to answer any questions consumers may have. This marketing program had overwhelming success in 1992!

FOR FOODSERVICE:

MORRISON'S CUSTOM MANAGEMENT:

Coordinate a promotion with Morrison's Custom Management, the fifth largest contract feeder in the country. Devote an entire month to promote watermelon in the 867 units. This will be the third year The Board has participated in this promotion and the sales percentages of watermelon have steadily increased with each promotion.

FOR TRADE:

PUBLIC RELATIONS:

Coordinate all correspondence with trade through news releases in trade and grower publications. Develop articles for The Melon Report and editorial material for foodservice publications.

INDUSTRY VIDEO:

Develop a video for the industry documenting the accomplishments and achievements of the National Watermelon Promotion Board in 1992. The video will include all promotional material created to increase consumption and awareness of watermelon, media coverage and individual marketing projects accomplished in 1992. The demand for the 1992 video has been constant throughout the year, so contact the Watermelon Board now to reserve your copy of the new video.

TRADE CONVENTIONS:

Attend the United Fresh Fruit & Vegetable Association Convention held at San Diego, CA in February, 1993. The Board will sponsor a "Watermelon Cafe" which provides a high profile position at the three-day convention. The Board will attend the Produce Marketing Association Convention held in Washington, DC in October, 1993, as an exhibitor, presenting watermelon, recipes and additional marketing material to attendees. Both as an exhibitor and a sponsor, these conventions allow the Board to make industry contacts, display existing material and information, and present new recipe ideas to decision makers.

The National Watermelon Promotion Board
P.O. Box 140065 • Orlando, Florida 32814-0065
(407)895-5100 • Fax (407)895-5022

